

The Phoenix

The SouthEast Housing Co-operative Ltd



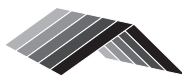
**The Phoenix is a symbol of rebirth and renewal.
The defining characteristic of co-operative longevity.**

**DAVID
GRIFFITHS**

The Phoenix

The SouthEast Housing Co-operative Ltd

by David Griffiths



SouthEast
Housing Co-operative Ltd

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Cover photograph: The board of SouthEast Housing Co-operative Ltd in 2010. *Seated L to R:* Natalie Leddick, Monica Francis, David Griffiths (Independent Advisor) and Shirley Faram. *Standing L to R:* Steve Kropf, Maureen Greer, Peter Bentall, Tracey Hall and Louise Kloot

David Griffiths is Secretary of Co-operatives Victoria, and Chairperson, Secretary of Co-operatives Australia and a webmaster for the International Co-operative Alliance. Over the last four years he has worked with the SouthEast Housing Co-operative Ltd as an independent consultant and been webmaster for www.ica.coop, www.australia.coop and www.victoria.coop

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Foreword



Gib Wettenhall
Treasurer, Shelter;
Manager, Fitzroy
Collingwood Housing
Association Ltd;
Manager, Rental
Housing Co-operatives,
Ministry of Housing;
founding Director,
Common Equity
Housing Finance Ltd.

The dream of a third housing sector

From a distance of 30 years, it seems incredible that a group of young housing activists associated with Shelter once saw the possibility of a third sector of housing, midway between home ownership and rental housing, based on co-operative legal structures. Co-operatives, we believed, offered people control over their destinies without burdening those on low incomes with the high costs of home ownership. Moreover, it was not as though it was a dream. We looked overseas to England, Scandinavia, Mondragón and Canada and saw co-operative housing sectors with members numbering in tens of thousands.

The first model picked up was from the familiar ‘homeland’ of England, the Rental Housing Association (RHA). I was employed as the first Manager of the Fitzroy Collingwood RHA. Although after a three-year period, it was judged successful, by the time I went on to become the Manager of the fledgling Rental Housing Co-operative Unit, the RHA program was coming to be seen as paternalistic. After 27 years in the wilderness, the incoming Labor Government and Shelter activists, including myself, were fired up to roll out a new model that promised full tenant member control. The new model, the Rental Housing Co-operative, was to be freed of the shackles of Ministry or expert representation on its management board.

The program grew rapidly, but four years later, it was clear that the model needed tweaking. Tenant member control was compromised by having to comply with Ministry of Housing guidelines. In addition, there was no overarching co-operative housing infrastructure in which the originally envisaged third sector could develop and grow. In 1986, I wrote ‘A Draft Strategy for Developing Common Equity Rental Co-operatives’ and went to Canada to research how their 35,000 strong co-operative housing sector was financed and resourced. Out of that trip arose the Common Equity Housing Finance Ltd (CHEF), which was designed as the powerhouse to drive a third housing sector, independent of the Ministry of Housing. As part of this process, we made the crucial decision to vest Common Equity Rental Co-operatives (CERCs) housing titles with CHEF.

‘I only have admiration for the tenacity of those of you like the members of the SouthEast Housing Cooperative Ltd, who did manage to survive. What strikes me is that as part of the business of surviving, the co-operatives discovered the importance of the sixth principle of co-operation – to co-operate with other co-operatives.’

With hindsight, this proved vital to the survival of CERCs under the withering attacks faced by the community housing sector during the Kennett Government era. This booklet explains how ‘lack of accountability’ to the Office of Housing becomes the major bone of contention in this era between the co-ops of all forms and the government. The vision of an independent, tenant controlled housing sector is perverted and lost.

I only have admiration for the tenacity of those of you like the members of the SouthEast Housing Cooperative Ltd, who did manage to survive. What strikes me is that as part of the business of surviving, the co-operatives discovered the importance of the sixth principle of co-operation – to co-operate with other co-operatives.

As the unions and many activist movements have long known, only in unity is there strength. In that lies the path to a secure and expanding future for the co-operative housing sector. Ask me back in another 25 years when the SouthEast Housing Co-operative Ltd is one of hundreds of regional resourcing co-operatives and a key player in the national association of housing co-operatives. I’d love to live to see that.

— Gib Wettenhall

Statement on the Co-operative Identity

Co-operatives are defined by the International Cooperative Alliance (ICA), as ‘An autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise.’ The ICA definition goes on to describe a set of internationally agreed co-operative values and principles.

Definition

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Values

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Principles

The co-operative principles are guidelines by which co-operatives put their values into practice.

1st Principle: Voluntary and Open Membership

Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2nd Principle: Democratic Member Control

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organised in a democratic manner.

3rd Principle: Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4th Principle: Autonomy and Independence

Co-operatives are autonomous, self-help organisations controlled by their members. If they enter to agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5th Principle: Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of co-operation.

6th Principle: Co-operation among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

7th Principle: Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.

Source: International Co-operative Alliance <http://www.ica.coop>

Co-operative Housing

This booklet is dedicated to those co-operators who believed – and still believe – that it is necessary to go beyond simply accepting things as they are and ask *why?* but, instead, dream of things that never were and ask *why not?* They asked *why not?* and established member owned and controlled housing co-operatives – the dream became a reality. While the reality has been a history of threats and opportunities and strengths and weaknesses, the dream has become the SouthEast Housing Co-operative Ltd.

International Co-operative
Alliance Global 300 List
2008 – The world's major
co-operatives and mutual
businesses, Sept 2010

Co-operatives Australia,
*Australia's Top 100
Co-operatives, Credit
Unions and Mutuals
by Annual Turnover,*
September 2010

Co-operatives throughout the world represent nearly one billion individuals and in 2008 the top 300 by turnover were responsible for an aggregate turnover of \$1.1 trillion USD - the size of the 10th economy of the world and nearly the size of the Spanish economy. In Australia, the top 100 co-operatives, credit unions and mutuals have a combined turnover of A\$14.5 billion. Victoria's Common Equity Housing Ltd is the only housing co-operative on the Australian list.

Individuals and communities join and establish co-operatives to meet unmet needs. The essential characteristic of a co-operative is that it is a democratic organisation engaged in the market place, providing goods and services. It is based on people – not on capital or government direction.

It is therefore not surprising that co-operatives are formed to meet unmet housing needs. Housing co-operatives are one subset of co-operatives, distinguished by the incorporation of the values and principles of co-operation in their governance and rules. Co-operative housing is not a universal panacea, but it can provide solutions for people for whom current private and public housing arrangements do not work, for particular groups of people, and for people who are interested in alternative housing.

A housing co-operative is an organisation of people who join to meet their housing needs through co-operation. The types of housing

co-operatives vary from those co-operatives who access loans so that members can purchase and individually own homes, to those where the co-operative owns and/or manages property and rents these to the members of the co-operative. There is also cohousing where tenants lease or own individual properties in which there are co-operatively owned common amenities such as a common house, landscaped gardens and recreational areas.

The first housing co-operative is believed to have been built in Rennes, France in 1720. Significant housing co-operatives first emerged around 1850 in Denmark, France, Germany, Norway and Sweden in response to the massive movements of populations from rural to urban areas. In 1869 the Rochdale Equitable Pioneers Society in the UK, which had been building a co-operative estate with 84 houses, took over the Rochdale Land and Building Company, which by the end of the century owned over 300 houses. It also established the Co-operative Building Society as a lender to members who wished to build their own houses.

In 2010, co-operative housing has a significant presence throughout the world. Established in 1946, the Norwegian Federation of Co-operative Housing Associations (NBBL), for instance, represents 86 housing co-operative associations with 772,000 individual members and 378,000 housing units. The NBBL is the fourth largest membership organisation in Norway. The OBOS Group in Norway was established in 1929. It manages 105,000 homes and 600 rental apartments. In 2004, it had 15 wholly-owned subsidiaries and employed 600 people. Housing co-operatives in Norway serve a population of 4.5 million people. Housing co-operative homes hold a significant share of the housing market in cities – 15% nationally, and 40% in Oslo.

In Sweden, the Riksbysggen co-operative is owned by building unions, housing associations and national co-operative organisations. With 2300 employees, it is involved in building, property management and residential services. There are 500,000 people living in dwellings managed by Riksbysggen. Riksbysggen has been responsible for about a tenth of housing built in Sweden.

In Germany, the GdW is the national federation of 3200 housing enterprises, which includes 2000 co-operatives. There are 6.5 millions dwellings for 15 million people managed by these enterprises – 17% of dwellings in Germany and 30% of all flats to let. The co-operatives represent 10% of housing stock – 2,200,000 units, 3 million members and 5 million people in total (6% of the German population).

In Canada, there are 2,100 housing co-operatives with 90,000 households accommodating 250,000 people. In the UK, co-operatives represent 0.6% of all housing stock with 836 co-operative and mutual housing organisations managing a little over 169,000 homes.



Co-operative Voluntary and Open Membership

Analyzing Co-op Housing: Historical Analysis of Cooperative Housing, CHF International, 2002, pp 28 and 29 and *Jack Shaffer Historical Dictionary of the Co-operative Movement*, The Scarecrow Press Inc, 1999, pp 61–62

Various sources including
www.riksbyggen.se,
www.nbbl.no and
www.ica.housing.coop



Co-operative Principle: Concern for Community

Building Societies were first established in Australia in the 1850s to provide banking services and mortgages to their member owners. Co-operative housing societies first appeared in New South Wales in 1936. Known as Terminating Building Societies, they provided housing finance to low and middle income home buyers. In 1944, Victoria introduced the *Co-operative Housing Societies Act 1944* for co-operative housing societies. Prior to 1956, the housing societies secured funds from banks and insurance companies. From 1956, the co-operative housing societies were given access to Commonwealth/State Housing Agreement funds to lend to low income families as part of the Federal Government's housing policy. During the 1950s, the co-operative housing societies were one of the most important sources of housing finance in Victoria. In 1956, they were financing as much as 35% of housing construction. In 1985, there were 1290 co-operative housing societies in Victoria. Co-operative housing societies in Victoria revived and peaked in 1990; however, by 1996 they were financing only about 1% of housing construction. They have since declined in relative importance when compared to finance from the banks, building societies and credit unions, and today are virtually extinct.

MACC The Co-operative Way: Victoria's Third Sector, July 1986 p 146

Abbott, Malcolm J and Thomson, Di (1997) "A history of the co-operative housing societies in Victoria, 1944-1998". *Urban Policy and Research*, 15: 1, pp 19-30

Foundation Member: Sherill Cooke

Member of Frankston Rental Housing Co-operative Ltd 1985–2000 and SouthEast Housing Co-operative Ltd since 2000.

I attended the first meeting on the 4 August 1982 at the Frankston Library. The idea for a co-operative started with a bunch of single mums at Orwill Street Community Centre... The idea of a co-operative for which we would be responsible sounded like a good idea – and a challenge. It was a place my kids could always call home. It's your home and you can push your kids in a direction you know and they want to go to... There was an awful lot of running around. It was hard work. We were all very busy – heads down and tails up. But we were all going in the same direction. Public transport wasn't too good in those days. We had kids to look after and whatever else. My son spent a lot of time at meetings sleeping in a pram... The main purpose of the co-op was to give stability and security – the house you get is for the rest of your life... We fought many fights with the Ministry. The Ministry has given us some pretty hard punches. We've been able to take these and come out the other end. Over the years, the Ministry has tried to step in more and more. You get to a point where you can fight so long and you can't fight anymore... As the co-op got bigger, you didn't have the friendships that you had when the co-op was small. In some ways, it had to happen and in others, it didn't. New people were coming into the co-op – a whole lot of excited people doing everything and you felt in the way. It was like they lost the beginning but they weren't there in the beginning. There is something central in the co-op that has been strong enough to keep it going. We started this thing. Do we have the heart to keep it going?"



'... Over the years, the Ministry has tried to step in more and more. You get to a point where you can fight so long and you can't fight anymore...'

The Early Years

This brief history traces the experience of five rental housing co-operatives who have demonstrated the continuing relevance of co-operative values and principles to their origin and development:

- **Frankston Rental Housing Co-operative Ltd**
- **Moorabbin Rental Housing Co-operative Ltd**
- **Oakleigh Rental Housing Co-operative Ltd**
- **Ringwood-Croydon Rental Housing Co-operative Ltd**
- **SouthEast Housing Co-operative Ltd**

These five co-operatives have demonstrated a unique commitment to the importance of membership participation – beyond attendance at an Annual General Meeting (AGM). A critical by-product of this has been self-education about co-operative participation through experience. This emphasis on participation contrasts with more established forms of co-operatives in Australia whose primary participation concern has been getting a quorum at the AGM.

In the late 1970s and early 1980s a new form of co-operative housing emerged in Victoria – rental housing co-operatives. Rental housing co-operatives are made up of members accommodated in secure, affordable and good quality rental housing. Individual members do not pay for nor gain rights to their own individual house. During the same period liberal and labor governments were exploring other co-operative options, for example community, food and worker co-operatives.

Community groups, regional housing councils, local government and tenants were meeting to discuss the possibilities for co-operative housing. Also the new Victorian Labor Government in 1982 had quite a different approach to rental housing co-operatives than its Liberal predecessor.

Following a visit to the UK in 1974, the Director of the Brotherhood of St Laurence in Victoria, David Scott, was convinced that rental housing associations could make a valuable contribution by providing

David Griffiths
*Co-operative
Contradiction –
The Co-operative
Development Program
1981–85, 2006*

a new form of housing management in Australia. He published two booklets in 1974 – *Housing Associations in the United Kingdom: Why they are Needed and How they could Function in Australia* and *Cost Rental Housing Associations: A New Initiative to meet Housing Need*. Housing Associations in the UK were substantial and David Scott's intention was to develop a significant alternative to public housing. The pamphlets were about combining citizen participation in management and meeting housing need. They were not based on co-operative values or principles and recognition of the co-operative movement.

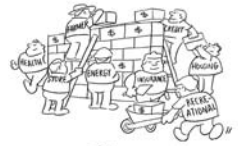
In 1976, the Minister for Housing in Victoria agreed to fund a pilot project. The Fitzroy Collingwood Rental Housing Association was established in 1977 under the *Companies Act 1961*. Managing 26 properties, it had a board that included local government, professionals, a Ministry of Housing representative and tenants. This was the beginning of what became the Rental Housing Co-operative (RHC) model – housing co-operatives with tenants managing long-term housing for low income members.

Gib Wettenhall, the Manager of the Fitzroy Collingwood Rental Housing Association at the time, recalls, 'The company structure was chosen because it was regarded as more formal, long-lasting and allowed positions to be held for particular people, such as Ministry of Housing reps. It was also used by the housing associations in the UK.' The assumed superiority of the company model over the co-operative model has continued to influence public policy. Yet, the Global Financial Crisis in 2008 has demonstrated that the member based co-operative model is superior in volatile economic times.

A three-year evaluation of the Fitzroy Collingwood Rental Housing Association conducted by the Melbourne University Town Planning Unit concluded in 1980 that tenant management brought satisfaction and efficient and enthusiastic management, and that its cost efficiency equalled that of conventional Ministry medium-density estates in the same areas.

After this positive assessment, in July 1981 the Minister of Housing agreed to establish a Rental Housing Co-operative Program – to place full management control over public housing to tenant occupiers with the houses leased by co-operatives.

The Ministry called for submissions from groups working to establish rental housing co-operatives and chose two out of the five detailed proposals received – from the Mornington Tenant Action Group and the Western Region Housing Council. In addition, in 1981 the Ministry decided to establish a co-operative in Carlton – convening meetings of tenants and local 'special skills' people. In Northcote, the Ministry gave the Women's Housing Co-operative the right to select tenants and manage a block of 12 properties in a housing estate. Unlike



**Co-operative Principle:
Member Economic
Participation**

Johnston Birchall
and Lou Hammond
*Ketilson Resilience of
the Cooperative Business
Model in Times of Crisis.*
International Labour
Organisation, 2009 and
CICOPA, *Co-operative
enterprise in industry and
services prove their strong
resilience to the crisis,*
Second report, May 2009

the Fitzroy Collingwood Rental Housing Association, Mornington and Williamstown were incorporated under the *Co-operation Act 1981*.

In 1982 the Ministry of Housing declared, 'A RHA is what its members choose to make it. A RHA is given the power to control its own destiny, rather than having to abide by an exhaustive set of rules drafted by either a public or private landlord.'... 'Essentially, Rental Housing Associations are an exercise in devolving management control over public housing into the hands of the tenant members who make up an Association. Each tenant who lives in a RHA-managed house automatically has a right to an equal say in decision-making in relation to all matters concerning their housing.'

In the early years the terminology used to describe the program varied between association and co-operative – reflecting both ambivalence and flexibility. However, the emphasis was on associations rather than co-operatives, reflecting a number of things:

- Adoption of the rhetoric of the UK and the reports of David Scott.
- Flexibility towards the legal form to be adopted – either a co-operative or non-profit company which guaranteed tenant members one vote.
- The pilot 'association' being a company.

Gib Wettenhall recalls, 'We realised that co-operatives were more appropriate to the scale of households and properties involved and that the formation of large associations with a company structure did not provide an adequate alternative to traditional public housing. So we changed the name, terminology and explanation from associations to co-operatives, which were better suited as legal structures, enabling tenant input into control of their housing.'

Initially, the Ministry of Housing's rental housing co-operatives involved 'community groups applying to lease housing through the Ministry of Housing. On condition that the group houses only low income earners eligible for normal public rental housing.' The early co-operatives followed the pilot model – submissions were made by housing community workers on behalf of unorganised client groups. This was exemplified by the proposed Western Region Rental Housing Association with management passing through three stages: the steering committee dominated by professionals and housing groups, an interim committee with tenant representatives as soon as possible, and the co-operative with four professional and three tenant representatives.

The initial meetings of interested parties to the formation of a co-operative could take up to three years. The membership of the co-operatives was made up predominantly of women – reportedly representing 70% of the membership in 1993.

The Ministry's rhetoric about the co-operatives was ambitious and bold – promising an ideal that from the beginning could not be matched

Ministry of Housing,
Information Sheet
on Rental Housing
Associations, March
1982, pp 3–5

Ministry of Housing
Information Sheet
on Rental Housing
Associations, March
1982, p 1

Ministry of Housing,
*Rental Housing
Co-operatives – a different
way of managing public
housing*, Information
Book 1, 1986, p 5

Williamstown Rental
Housing Co-operative
pp 14–16

Neville Barwick and Carole
Hamilton, *Just Like a
Family – The experiences of
women and children in the
Victorian Rental Housing
Co-operative Programme:
Implications for policy
and management*, *Women
in Supportive Housing*,
December 1993, p 1

by the reality. The Ministry was open-minded about whether the 'tenant members elect, from among themselves and, in some cases, from representatives of the community, a board of directors to manage the affairs of the association. Alternatively, decision-making could become the responsibility of the whole of the membership through regular, general meetings.' The rhetoric did not recognise that the members of co-operatives own, use and benefit from the co-operative. It was inappropriate, therefore, that non-users of the co-operative might be members.

Ministry of Housing,
Information Sheet
on Rental Housing
Associations, March
1982, p 1

Gib Wettenhall states that, 'Mornington was subsequently closed down by the Ministry because of its blatant disregard of guidelines such as putting single people in three bedroom houses. We had all sorts of problems. Social workers were putting their favourite clients into co-operatives who had no idea about and did not want to know about co-operation and co-operatives. The co-operatives became a real magnet for housing activists. They did not always recognise that the co-operatives were supposed to be an alternative for people who wanted control of their own housing.' While the members of the RHCS could control the co-operatives, they did not own the assets – the properties.

In 1986 the Ministry of Housing set out the aims of the Rental Housing Program as follows:

- To devolve management control over public housing to the tenant occupiers.
- Provide greater housing choice and more secure housing to those on low incomes who cannot afford access to ownership.
- To develop an alternative form of public housing which is diverse and responsive to local needs.

Ministry of Housing,
*Rental Housing
Co-operatives – a different
way of managing public
housing*, Information
Book 1, 1986, p 4

In a brochure, the Moorabbin Rental Housing Co-operative Ltd described the need for the co-operative program and the difference for tenants in the following terms: 'Hundreds of Moorabbin's families are living where they don't want to be – with friends, parents, in-laws, or in the slowly dwindling supply of expensive private rental accommodation. Most of them don't regard their present living space as "home". For one thing, they don't have the essential ingredients to make a home out of a dwelling – security of tenure. For one reason or another, they lack the money to buy a house. The Ministry of Housing will accept their applications for a place of their own, but the waiting list is long, leading to years of uncertainty, delay and heavy expense.' This was true in 1985 and still applies today.

Moorabbin Rental
Housing Co-operative Ltd,
Closing the Gap, 1997

The Rental Housing Cooperatives (RHCs) program was just being established when the Government initiated a different rental housing co-operative program, Common Equity Rental Cooperatives (CERCs), regarded by housing groups and their proponents in the Government as a superior model. Discussions on the CERC model were started in 1984

Foundation Member: Pauline Sturges



**Member of Frankston Rental Housing Co-operative Ltd 1985–2000
and SouthEast Housing Co-operative Ltd since 2000.**

*I first went to
a meeting in
September 1982.
There were about
15 people at the
meeting.'*

'I enjoyed being in the co-op doing what I was doing and I made a lot of friends. I was happy with my house and I was pretty lucky. It was a family home. It became your home. Stability with a home – that was the big thing. You could have a dog – you couldn't in the private rental market. I learnt a lot about people's lives and living. You always had someone to talk to... I found the co-op opened a lot of doors to our members outside the co-op. It was important for people who hadn't been involved. A lot of people who came in were different people within months... I never thought I had an option about things. In the co-op, I was able to express an opinion – even if it was laughed down... There was a lot of participation. I might participate in three meetings in one day. Some people didn't participate but that didn't really worry me. I just liked being there. Thinking back, I wonder whether some people didn't get involved because some were too involved... As the co-op got bigger, participation declined. We didn't do for each other what we used to do. The co-op was over there (Dandenong). People fell to the wayside. They came to meetings if they had to.'

because, unlike the RHCs, it was ‘felt that any new program established should be controlled by the tenants of that program’ to make sure that at all levels tenants had a say and could control what happened both to their individual housing and the whole program. This was seen to be particularly important given the frustrating experience of the leasing co-ops funded by the Ministry of Housing.

CERC members were to be housed in properties leased from Common Equity Finance Ltd (CEFL). CEFL was a company with a majority of ‘independent’ directors. Contractual arrangements exist between CEFL and each co-operative in the form of a head lease on the properties owned by CEFL. Each co-operative then leases the properties to individual Common Equity Rental Cooperative members.

Both the RHCs and CERCs programs supported rental housing co-operatives, but there were significant structural differences:

CERC Program History
& Structure, Central
Region Housing Resource
Co-operative Ltd, p 1

	RHCs	CERCs
<i>Ownership</i>	Properties owned by government and leased to co-operatives.	Properties owned by parent body and leased to co-operatives.
<i>Control</i>	Within leasing arrangement, members.	Members control co-operatives but control restricted by majority non-tenant non co-operative parent body.
<i>Staff</i>	Mixture of paid and voluntary workers within and between co-operatives.	Co-operatives depend on voluntary labour, they cannot employ staff. Any employed staff are with the parent body.
<i>Finance</i>	Dependent on government growth funds.	While dependent on government growth funds, an increasing capacity to leverage its own funds.

The expectation was that CERC ownership of properties by Common Equity Finance Ltd would facilitate autonomy and independence, that the co-operatives would be protected from government intervention and that this would leverage funds for program expansion. It was expected that the CERCs program would minimise government intervention. For the RHCs the threat and actuality of government intervention has been ongoing. These differences have continued from 1985 to 2008. The establishment of the CERC rental housing co-operatives reinforced for the RHCs their lesser status – properties without ownership.

‘We wanted a form of co-op out of the control of the Ministry of Housing. For that, you need to pass over control of housing titles. While the RHCs did not have title, the CERCs were given ownership control via Common Equity Finance Ltd. This was to prove important in later years when the Kennett Government tried to close down the CERCs and

eventually lost in the High Court. During the Cain Victorian Government period, it was possible to contemplate establishing an external structure outside the Ministry because it was truly a reformist Labor Government. We also wanted to create a third, middle path housing sector, similar to that in Canada, which could take advantage over time of economies of scale as well as delivering a co-operative alternative to home ownership and rental housing,' states Gib Wettenhall.

In 1985 the first common equity housing co-operatives were established in Broadmeadows, Geelong West, Keilor and Werribee. The Common Equity Housing Finance Ltd (CEHF) was also formed. The first CERC properties were purchased in 1986.

The assumed superiority of CERCs was confirmed in 1986 when the Ministerial Advisory Committee on Co-operation's report was released. It praised the development of common equity co-operatives and dismissed RHCs, dedicating 33 lines to the common equity co-operatives and 12 lines to rental housing co-operatives. The report made three recommendations for the development of the common equity co-operatives and none for the rental housing co-operatives, except a generic reference to continued funding for housing co-operatives. These differing perceptions about RHCs and CERCs rental housing co-operatives has remained and determined government policy on the two models.

The rental housing co-operatives were models of direct democracy – opting for decision-making authority through and with regular general meetings of members, instead of a board of directors and the formation of task groups for operational decisions and activities.

'RHC members are responsible for keeping the financial records, answering the phone, organising maintenance, liaising with the Ministry, filing and photocopying, paying bills, writing letters and reports and ensuring compliance with legal requirements. Other jobs exist outside decision-making and administration. Care has to be organised, participation of tenants encouraged, educative sessions and social events held. Social activities are very important for bonding among co-operative members.'

Frankston Rental Housing Co-operative Ltd

On the 7 August 1981, the first meeting was convened by the Frankston Housing Group to consider the formation of a co-operative. Funding was received from the Ministry of Housing in 1982 and nine houses were allocated. A worker was employed in 1983.

The Frankston Rental Housing Co-operative Ltd was subsequently incorporated on 4 October 1985.

'We started with a bunch of people who had never worked together before as one group. Most of us confused, for some it was like a maze.

*MACC The Co-operative
Way: Victoria's Third
Sector, July 1986 p 57*

*MACC The Co-operative
Way: Victoria's Third
Sector, July 1986
pp 124–7 and 129*

*Ministry of Housing,
Rental Housing
Co-operatives – a different
way of managing public
housing, Information
Book 1, 1986, p 9*

There were some who did not know anyone else and for everyone it seemed a monumental task.’

The Process of the Group's Development, No Date, p 1

‘There’s not a bunch of professionals in one corner doing all the helping and a bunch of tenants in the other getting all the help. Everyone’s getting and giving help even though it may be different amounts and kinds of help. The result is that tenant members see themselves as responsible for the project. More and more take initiative, less are looking for someone in charge, more are growing aware of their own power to get things done, there is a growing confidence, cohesion and trust amongst tenants as a group.’

The Process of the Group's Development, No Date, p 1

According to Shirley Faram, ‘Everyone was part of a committee. The committees met on a fortnightly basis. Chairing and minute taking was by rotation. You could chair for three meetings.’

Moorabbin Rental Housing Co-operative Ltd

The Moorabbin Rental Housing Co-operative Ltd began in 1982 with five women from a women’s refuge. The co-operative was registered in 1985.

The co-operative had a Steering Committee and a number of Task Groups: Finance, Housebuying, Maintenance, Policy, PR, Tenant Selection and Upgrading. The Steering Committee met for the first time on 7 May 1987 ‘to aid day running of the co-op. Its members are made up from one representative from each of the task groups, these people serve for a term of six months and work closely with our worker.’

Moorabbin Rental Housing Co-operative Ltd, Annual Report 1986–87, p 4

In March 1987, the co-operative accepted nine new members from 30 interviewed from 90 applications and 120 enquiries.

The co-operative set up the following task groups: Constitution, Finance, Maintenance, Public Relations and Up House.

Moorabbin Rental Housing Co-operative Ltd, Annual Report 1986–87, p 3

In its Annual Report the co-operative reported that it had inspected 150 properties, submitted 54 to the Ministry of Housing, 13 had been purchased and 10 had tenants – an average of one property in five submitted to the Ministry being purchased.

Moorabbin Rental Housing Co-operative Ltd, Annual Report 1987/88 p 3

Oakleigh Rental Housing Co-operative Ltd

The Oakleigh Rental Housing Co-operative Ltd began as a collective in June 1983 with local residents and community workers. At the first meeting, there were six core members and the then social worker from the Oakleigh Council whose idea it had been to form a housing co-operative in the area.

Oakleigh Rental Housing Co-operative Ltd Annual Report, November 1996, p 2

The co-operative was incorporated in 1985. Its first worker was employed in January 1986. In its first year, the co-operative established five task groups: Tenant Selection, Property Selection, Maintenance and

Discussing the co-operative option



Upgrading, Worker Support and Finance. By June 1986, the co-operative had acquired 19 properties.

After 1987, the co-operative decided it did not want to employ a worker, instead deciding that it was better to do everything themselves. This was after the experience of employing three workers – two disappointing and one very good. This continued until 2000 when the SouthEast Housing Co-operative Ltd was formed.

Ringwood-Croydon Rental Housing Co-operative Ltd

In August 1985, a public meeting was held to discuss developing a submission for funding of a rental housing co-operative. The meeting was organised by the Outer East Regional Housing Service. There were 10 tenants at the meeting. Over the following 18 months a submission was developed, with seven of the original 10 tenants remaining.

‘For the next 18 months, this group worked with their backs to the wall and their noses to the grindstone, for many long hours, when social lives died a grim death and other pleasures diminished. They strove to establish what they knew was a worthy and worthwhile cause to benefit not just themselves, but the whole community. During this time, some members left for various reasons (head pressure sores and nervous breakdowns) and so the remaining seven members slogged on.’

‘ALL decisions will be made by a consensus of opinion. If all efforts at reaching a consensus have been made, and consensus does not appear possible, a majority vote will rule... We see our co-operative as a united body of individuals who pull together to achieve our goal of controlling our own housing, and witness the satisfaction of our co-operative skills being shared by all tenants and advisors... General meetings will be held once month on a fixed day with a limit of two hours.’

The co-operative’s formation meeting was on 15 April 1987. In May 1987, the co-operative employed a part-time worker.

What is Co-op Housing?,
CHAS, 1988, p 49

Ringwood Croydon Rental
Housing Co-operative.
Submission to the
Ministry of Housing for
funding, June 1986, p 23

Minute, formation meeting
Ringwood/Croydon Rental
Housing Co-operative Ltd,
15 April 1987, pp 1–2

Foundation Member: Kathleen Maxwell

Kathleen was a member of the Moorabbin Rental Housing Co-operative Ltd from 1985–2000 and has been a member of SouthEast Housing Co-operative Ltd since 2000.

Kathleen first became involved in 1982 before the co-operative was formed in 1985. 'It was started by five girls at a women's refuge. I don't know the name of the refuge. You never asked in those days... I'd been separated. I had three children. My husband was not paying anything. I tried to rent but they wouldn't take a single mum. I was living with my mother and she saw the ad about the co-operative... The co-op offered something – a secure affordable house where I could pay the rent and bring up the kids. For the first time I knew where I was with my children. I could afford, help as a group and comradeship. It was very community and continued to be. There were only a few drop-outs... There was an initial group of five and then 10. It was just ourselves. No-one else was helping. We were like-minded people... I worked for the co-operative for two years before I got a home. When a house became available the names would be put into a hat and if someone got a house we would help them move into the house... We were down the co-op all the time. We just about lived there. We were trying to be self-sufficient and do as much as we could. We started a lawnmower service. We tried cleaning houses. We wanted to contribute. We attended meetings all the time from 7:00 pm to 11:00 pm... We initially met in an office in an arcade in Bentleigh. Then we found a house in East Boundary Road, East Bentleigh, which we got to use as an office and we sub-let to a toy library... We were doing all the tasks. We had to do everything. I was on everything – policy, tenant selection, social group, maintenance, taking the minutes. It was hard. It was heavy going... We'd go looking for houses – a lot of houses a lot of weeks. We might look at 25 houses and by the time the Ministry did something there might be only one left... I could never understand the few who would say I'm just renting and they don't look after their house. It's my home it's not just the house I rent.'



'The co-op offered something – a secure affordable house where I could pay the rent and bring up the kids.'

Co-operation Threats and Opportunities

Since 1985, RHCs have experienced opportunities, conditional possibilities for growth and threats to their future. Governments have made regular efforts to change the nature of their relationship with RHCs.

Neville Barwick and Carole Hamilton, *Just Like A Family – The experiences of women and children in the Victorian Rental Housing Co-operative Programme: Implications for policy and management, Women in Supportive Housing*, December 1003, pp 91

At the beginning there was a two member Rental Housing Co-operative Unit based in the Head Office of the Ministry of Housing which, with limited resources, offered guidance to co-operative and organised training workshops. By 1992, however, responsibility for the RHCs was delegated as a regional office responsibility. In 1993 it was concluded by Neville Barwick and Carole Hamilton that there was no effective and ongoing development of macro-structures and that this had held back the development of the RHCs program. Since this conclusion little has changed.

The government claims that it has made continuing efforts to improve the accountability and transparency of RHCs. However, its efforts have also been variously aimed at either reducing the number of RHCs or eliminating them altogether. As for accountability and transparency, these goals are consistent with co-operative autonomy and independence – provided the real purpose of government is not to control the co-operatives.

Over the years, the co-operatives have fought for independence and autonomy. They have struggled with actual or threatened government interference, for example the termination of CHAS in 1991, the 1999 arbitration win by the co-ops on the head lease, the 2005 amendments to the Housing Act 2003 which cancelled head leases, and the unwillingness of different governments to fund growth and transfer property ownership to the co-operatives. In the early years, governments created rental housing co-operatives. However, in subsequent years, governments have become at varying times passive, ambivalent and hostile.

Co-operative autonomy and independence is crucial to the integrity and viability of co-operatives. Co-operatives are rightly protective of their independence because this is a core co-operative value and principle – co-operatives must retain democratic control by members and autonomy in decision-making. This can be difficult, however, when co-operatives are dependent on government for their properties and funding – a dependency that has continued since 1985 for the RHCs.

Government can find it challenging to work with democratic enterprises with democratic decision-making processes. This democracy can make it very difficult for government to come to an arrangement with a board or a manager. It also needs to be recognised that within government there are opponents and proponents of programs and this conflict creates tensions within government and for program recipients. There were those in government who fought to facilitate the autonomy and independence of rental housing co-operatives and were sufficiently influential to ensure the survival of rental housing co-operatives in the early years. They also influenced the establishment of the CERC rental housing co-operatives. This is why the CERCs were developed with properties not owned by the government. For housing co-operatives the only real guarantee of autonomy and independence is assets – ownership of properties. Ownership does not in itself prevent government intervention, as the CERCs could testify, but asset ownership inhibits and complicates desired and actual government intervention.

Between 1981 and 1985, the Co-operative Development Program within the Ministry of Employment and Training experienced fluctuating fortunes with changing governments, ministers, ministerial advisors and senior public servants. The program was primarily established to fund and support worker co-operatives. This program eventually lapsed when a new Minister stopped approving funding applications and the Ministry of Employment and Training no longer made budget allocations for the program. No announcement was ever made by the Minister or the Ministry about the demise of the program. The worker co-operatives did not survive once the program disappeared.

Co-operative autonomy and independence was initially undermined by the first housing 'co-operative' established with the support of the Brotherhood of St Laurence and Shelter. This project was dominated by professionals who were not familiar with or sympathetic to co-operatives, although the Manager was a convinced co-operator. The Fitzroy Collingwood Rental Housing Association was not a co-operative and did not comprise of controlled tenants.

The relationship between the RHCs and succeeding Victorian governments, both liberal and labor, has been characterised by ambivalence.

David Griffiths
Co-operative
Contradiction – The
Co-operative Development
Program 1981–85, 2006

Co-operative Principle: Autonomy and independence



Autonomy and Independence

In a letter to the Ministry of Housing dated 8 January 1985 the Frankston Rental Housing Co-operative Ltd reported on a general meeting of members on 3 December 1984, which stated it 'should have the right to choose which Act it wants to co-operate under.'

Letter from Trudy Pragnell, FRHC, 8 January 1985, to Ms Rosemary Kiss, Co-ordinator, Rental Housing Co-operative Unit, Ministry of Housing, p 1

In the 1992 Annual Report of the Moorabbin Rental Housing Co-operative Ltd, the Chairperson, Justine Stafford, described the relationship between members, their co-operatives and the government this way: 'Our security for ourselves and our dependents relies upon the fact that we have been given the opportunity to tenant manage public housing on a co-operative model. We are not in social housing; we are in the public system bound by law and necessity to the government of the day; whatever their policies and philosophies.'

Moorabbin Rental Housing Co-operative Ltd Annual Report 1992, p 10

In July 1996 the Worker's Report to a General Meeting of the Ringwood/Croydon Rental Housing Co-operative Ltd noted that, 'there appears to be no-one at DPD who is advocating on behalf of leasing co-ops. Unfortunately there is no-one on DPD staff who is both knowledgeable and supportive of co-ops and more unfortunately, JHC who attempts to be our peak body, is thoroughly unresourced and divided and not our best advocate.'

Worker's Report to July 1996 General Meeting of the Ringwood/Croydon Rental Housing Co-operative, Ltd p 3

In the 1997-98 Annual Report of the Moorabbin Rental Housing Co-operative Ltd, the Community Development Worker, Janne McPhie, commented on the relationship between the co-operatives and government: 'This is still a very uncertain time for Co-operatives. The Office of Housing keeps stating Co-operatives are too expensive and not accountable enough. Perhaps Co-operatives need to work on dispelling this attitude or look at making some changes that will improve the situation.'

Moorabbin Rental Housing Co-operative Ltd, Annual Report 1997/1998, p 5

A 1997 report of a meeting with the Office of Housing reported on comments of the Office: 'A primary concern is that RHCs have been problematic over the years. There has been extreme resistance to any type of reform and the accountability is "pitiful". There will be absolutely no growth as the program sits at the moment. "Not a cent" will be put into co-ops at this time.' There was also a reported admission by the Office of Housing: 'There is room for expansion and growth in the program.'

The Manager of Community Housing Group, Office of Housing, Tony Nippard, attended a United Housing Coalition meeting on 10 June 1998. His comments were summarised in notes of the meeting:

- Don't have any ideological position regarding tenant management versus professional management. Must have good service at a reasonable cost, good performance and accountability.
- Co-ops are not working as well as they could, but that does not mean that they are going to be thrown out. No growth for now because accountability so poor. The Department will not risk investing the money into RHCs until such a time that they are more accountable.
- Looking for in-house expertise with outside professionals. OoH would want to see one tenant member to every three outsiders.

Jean Evans and Geoff Johnston, Notes from meeting with Office of Housing held at Myer House on Wednesday, 26 April 1997, p 2

Minute of United Housing Coalition meeting, 10 June 1998, pp 2-4

Growth

Once the RHCs were established neither the succeeding liberal or labor governments facilitated the development of new co-operatives or the expansion of existing co-operatives. Riviera was the last rental housing co-operative established on 28 December 1990. While no further rental housing co-operatives were established after 1990, common equity rental housing co-operatives continued to be established – the most recent in November 2005, April 2006, November 2008 and July 2010. Growth was not considered as an option for RHCs as they were not regarded as growth models. The government's amendment to the Housing Act in 2005 confirmed this in creating two categories of registration – providers and associations. Co-operatives could only register as providers and the association was the growth model.

In 2008 the Victoria Government provided funding to the SEHC to purchase ten properties, and in 2009 the Footscray Housing Co-operative Ltd (renamed United Housing in 2010) was able to purchase four properties. This was the first time since 1990 that there had been RHCs growth. In 1991 there were 21 rental housing co-operatives managing 732 properties and in 2010 there were 7 rental housing co-operatives managing 443 properties.

It is not surprising, therefore, that when the Federal Government expanded affordable housing through the National Rental Affordability

Manager: Peter Sibly



Peter Sibly was Manager of Frankston Rental Housing Co-operative Ltd 1995–2000 and the SouthEast Housing Co-operative Ltd 2000–2005.

‘... rather than roll over and concede defeat they worked hard to form the new viable structure that would allow them to survive into the future...’

‘There was a commitment to member participation. There was a very active membership – perhaps 20 out of 40... We had four functioning sub-committees and a good tenant selection process... I certainly didn’t control it. They had me in tow... They wanted to survive. They didn’t want to be taken over. They were very conscious of their reporting requirements to government – and fiercely independent.’

‘The foresight shown by the members of the five co-operatives (including Eastern Suburbs) was certainly very commendable. Above all else, they wanted the co-operative structure to survive and they could see the government’s agenda was clear. So rather than roll over and concede defeat they worked hard to form the new viable structure that would allow them to survive into the future. Sure, there were some compromises to be made and reduced member control but they are still a co-operative which at the end of the day are driven by members.’

Scheme (NRAS) and Nation Building programs, there were growth opportunities for everyone except RHCs.

In February 2009, the Federal Labor Government announced the provision of additional funding for social housing under the Nation Building Economic Stimulus Plan, providing funding of \$5.238 billion over three and a half years from 2008–09 to 2011–12 for the construction of new social housing, and a further \$400 million over two years for repairs and maintenance to existing public housing dwellings. This initiative was conducted in partnership with State and Territory governments. It was intended to provide a boost to public housing and housing administered by the not-for-profit community sector, and designed to assist low income Australians who are homeless or struggling in the private rental market.

The National Rental Affordability Scheme (NRAS) sought to address the shortage of affordable rental housing by offering financial incentives to the business sector and community organisations to build and rent dwellings to low and moderate income households at 20 per cent below-market rates for 10 years. NRAS aimed to:

- increase the supply of new affordable rental housing;
- reduce rental costs for low and moderate income households; and
- encourage large-scale investment and innovative delivery of affordable housing.

The Federal Government committed \$1 billion to the Scheme over four years to stimulate construction of up to 50,000 high-quality homes and apartments, providing affordable private rental properties for Australians and their families.

Head Leases

The head lease has been an ongoing source of tension between the co-operatives and governments. In 1984–85 it was about signing the headlease and between 1998 and 2005 it was about the removal of the head lease.

On the 25 September 1984, the Ministry of Housing circulated a draft of a common head lease and proposed incorporation of all RHCs under the *Housing Act 1983* – instead of the Co-operatives Act. The co-ops wanted a 99-year lease and a guarantee of autonomy and security. The Government offered a three-year lease. The Ministry proposed two months for discussion, consideration and consultation until 30 November 1984.

According to the Frankston Rental Housing Co-operative Ltd, 'However, before signing the head lease, we were faced with a big decision – do we close down the co-op, or fight to stay open? Several members

Member: Shirley Faram



Shirley Faram, Chairperson of SEHC 2000–2006 and 2008 to present day. She joined the Frankston Rental Housing Co-operative Ltd in 1986 serving as Secretary and on different committees.

'Watching members becoming confident in the security of their homes was rewarding...'

'At the time of joining the Frankston co-op the property I was renting was being sold and my only other option was moving into a caravan... I was housed in 1987 and it was a relief to have a secure affordable home for my mother and myself... I had never been involved in meetings like the co-op where the members did so much work. Being in the co-op was a big learning curve for me. The co-op was seen as an alternative to home ownership. I enjoyed the friendships made and being able to work with people with the same aims. Watching members becoming confident in the security of their homes was rewarding. The co-op has enabled members to gain further education and also helped some members save and purchase their own homes... Seeing members working so hard and always helping each other was rewarding... We put a lot of work into forming SEHC as we could see coming changes. In my ten years as a director there have been many changes. We now have seven staff who have a wealth of knowledge in all areas... The co-op has been very beneficial for me and I am sure for many others.'

wished to transfer back to being MOH tenants, partly because of the conditions imposed by the head lease. The MOH agreed to take back 12 households, leaving the co-op with 15. And of course we stayed open.’

On the 14 February 1985 a Joint Co-op meeting at the St Kilda Rental Housing Co-operative noted that ‘new coops cannot start to buy houses until the head lease is signed – this is blackmail.’

Eventually, the co-operatives signed the head leases. In 1998, however, the Government advised the RHCs that it wanted to abolish the head lease.

On the 13 November 1998 the Government advised the rental housing co-operatives, ‘the current leasing agreements with rental housing co-operatives will come to an end on 30 June 1999. This letter serves as notice of termination of these leases from that date.’ Co-operatives were advised that the current leases would be replaced by management contracts and that new contracts would be introduced from 1 July 1999. It was also noted that there would be financial incentives for co-operatives that wished to merge into larger more viable organisations. The letter also stated that community housing staff were available to members of co-operatives who might prefer to have their tenancy transferred to public housing.

In response to similar subsequent letters from the Ministry of Housing to members of Moorabbin Rental Housing Co-operative Ltd, Greg Nolan wrote, ‘The OoH have acted quite dishonestly in sending letters like this, trying to make ordinary Co-op members think that these “transfers” and the changing of contracts, etc, is “a fact”, when it clearly is not, being the subject of a legal dispute right now.’

On the 3 March 1999, a United Housing Coalition meeting raised concerns about the Office of Housing sending letters to tenants regarding transfer to public housing and property purchase and stating that the rights of tenants will remain untouched. The meeting discussed sending a flyer to tenants advising that it was in their best interest to remain with their co-ops.

The United Housing Coalition Inc took legal action on behalf of the following rental housing co-operatives against the threatened cancellation of head leases: Oakleigh, St Kilda, Moorabbin, Diamond Valley/Whittlesea, Fitzroy/Collingwood, Northcote, Carlton, Essendon, Sunshine/St. Albans, West Turk Housing and Williamstown.

Eventually, on 18 June 1999, the Arbitrator, Mr. Maurice Phipps QC, decided that the head leases were held in perpetuity and that the terms and conditions of the leases remained intact and must be observed by both parties. He upheld that the head leases were renewable at the discretion of individual co-operatives and that the government could only intervene or alter the head lease if it was breached. The Office of Housing had 28 days to appeal the decision but decided to take no action.

Frankston Rental Housing Co-operative Ltd, Annual Report 85–86, p 1

Joint Co-ops Minutes General Meeting, 14 February 1985, p 1

Letter from A. Woolaston, Assistant Director, Home Finance & Community Housing, Human Services, to Chairperson, Moorabbin Rental Housing Co-operative Ltd, 13 November, 1998, pp 1–2

Important Message to All Members, Subject: *Continuing letters from OoH re: proposed transfers from the Co-operative to Public Housing*, February 1999 p 1

Minute of United Housing Coalition, 3 March 1999, p 2

Subsequently, in a letter of 7 January 2000, the Labor Government's Minister for Housing and Minister for Aged Care, Bronwyn Pike, admitted, 'I am advised that the determination on the matter of Head Lease termination found that these leases were in effect perpetual, at the discretion of RHCs.'

The Frankston, Eastern Suburbs and Ringwood/Croydon Rental Housing Co-operatives did not join the legal action. Shirley Faram explains, 'We were busy trying to get the SouthEast Co-operative off the ground and this involved working with the Department to succeed. We didn't want to upset this by getting involved in the fight with the Department. We probably also thought that the co-operatives would not win.' She conceded that the decision not to join the legal action created tensions with other co-operatives.

Commenting on the arbitration decision, the Moorabbin Rental Housing Co-operative Ltd said, 'This was a vital decision for Co-ops to continue to exist as self-managed Community Housing groups, and that had the decision gone against us, the reality is that the OOH under the current political climate, would have ended their relationship with RHCs and most of us would have had to look at either reverting to Public Housing tenancy, or some other "semi-privatised" form of Housing management. You can be very sure that the "Community" aspect of our housing would have been greatly reduced.'

Information Task Group
report, Moorabbin Rental
Housing Co-operative Ltd,
Annual Report 1998/1999

The government's ongoing concern about the accountability and operations of the RHCs was later reinforced. In 2003, the Ombudsman Victoria decided to conduct an investigation into the Essendon Rental Housing Co-operative Ltd regarding alleged improper conduct by directors and an employee. The subsequent report in 2004 was devastating for the RHCs and a political opportunity for the Government to abolish head leases and create legislative intervention opportunities.

In the report, the Ombudsman Victoria concluded: That a working party be formed to examine the feasibility of amending the current Head Lease Agreement with housing co-operatives to enable greater accountability and control of maintenance, both cyclic and secondary upgrades, and the expenditure of accumulated funds.

The Government responded: The Secretary advised that the OoH had examined the issue of more effective management of the Head Lease in 2003, and explained that a range of actions were initiated arising from that review.

The Ombudsman Victoria also concluded: That consideration be given to requesting that the Minister for Housing introduce legislation to enable DHS to regain control over co-operative properties at a regional level. There is a need to provide better financial control over public monies and more equitable maintenance to valuable properties.

The Government responded: Agreed.

Report of Ombudsman
Victoria, Essendon Rental
Housing Co-operative Ltd,
December 2004

In 2004, therefore, the Government legislated to remove the head leases providing for the termination of a lease between housing co-operatives and the director of housing on 90 days' notice, and introduced other changes to the Housing Act. The *Housing (Housing Agencies) Act 2004* introduced a new system of regulation for non-government rental housing agencies. The Act established the Registrar of Housing Agencies and gave the Registrar the power to override the *Co-operatives Act 1996*, including the ability to appoint directors to the boards. Co-operatives could register as providers but not associations.

A meeting of the Co-operative Housing Sub-committee of the Community Housing Federation of Victoria on 3 November 2004 noted that CHFV was most concerned about:

- Performance standards.
- The scope of the Director's interest in land.
- The breadth of the Registrar's power to intervene.
- The revocation of the Rental Housing Co-operatives leases.
- The lack of process for funding applications.
- The absence of definitions of housing providers and housing associations.
- The lack of separation between the Director and the Registrar.

The meeting agreed that all co-operatives should write letters to the Director of Housing and local MPs opposing the legislation and calling for the removal of Clause 144, which revoked the head leases of the RHCs. The CERCS were not affected because their leases were held by the parent company and were not being threatened.

As with the other RHCs, the SEHC response was also limited. An SEHC board meeting on 19 November 2004 received a report from Manager Peter Sibly about the legislation, noting that the concerns were:

- The head lease.
- No plan for funding in the future.
- Removal of rental rebate schemes.
- Attitude to co-ops in general.
- Control over boards.

The minute noted that SEHC had put in a submission and had written to politicians requesting a delay in the legislation. It was also noted that the legislation had gone through a first and second reading in parliament and there had been a few amendments to appease co-operatives.

At a meeting of the Co-operative Housing Sub-committee of the Community Housing Federation of Victoria on 1 December 2004, it was agreed to concentrate on the deletion of Clause 144.

According to Greg Maloney, Northcote Rental Housing Co-operative Ltd, the RHCs reaction to the legislation was limited, 'The RHCs weren't

Co-operative Housing Sub Committee, Minutes of meeting held 3 November 2004, pp 1-3

SEHC board meeting Minute, 19 November 2004, p 8

Co-operative Housing Sub Committee, Minutes of meeting held 1 December 2004, p 2

A Member's Story:

A Note of Appreciation by Avril Lochhead

‘I first heard about Rental co-ops through a friend who ran a Community Centre. She said “What you need to find is a housing co-op!”’

A week later, I read about a local information evening for interested Centrelink beneficiaries. My son was 14 and my daughter 7. She had been in one Primary School for Grade Prep, and another Primary School for Grade 1. We were considering moving again, as we were spending 55% of my Sole Parent Benefit on rent, which, with two growing children was financially unsustainable.

I go along to the Info evening, and hear that there are three houses available. Immediately I apply with supporting documentation and then wait. Soon, I had a call to come for an interview as a potential Probationary Member. After the interview, I hold my breath and within seven days, they call to say we are successful and be allocated one of the vacant homes. :-) As soon as we get the address, we drive up and down the street, checking out our new neighbourhood and loving it!

Now, over a decade later, I cannot think of any other circumstance that has contributed and changed my family's future so profoundly as becoming a member of the co-op. During times of financial instability, we are privileged to be so well cared for.

The team at SEHC persistently goes beyond my expectations and provides not only safe and affordable accommodation, but a well maintained home in which my children have grown up in security, without the concerns of being uprooted again due to unviable rental increases.

My home is one of the prettiest in our street, well loved and tended. I delight in ensuring that I continue to take practical action around my home and garden as it proudly represents the co-op, which has given my family so much more than merely a roof over our heads. During these years, I have re-educated myself and am full-time employed in a career I love. My son (27) works in a Special Effects design team. His

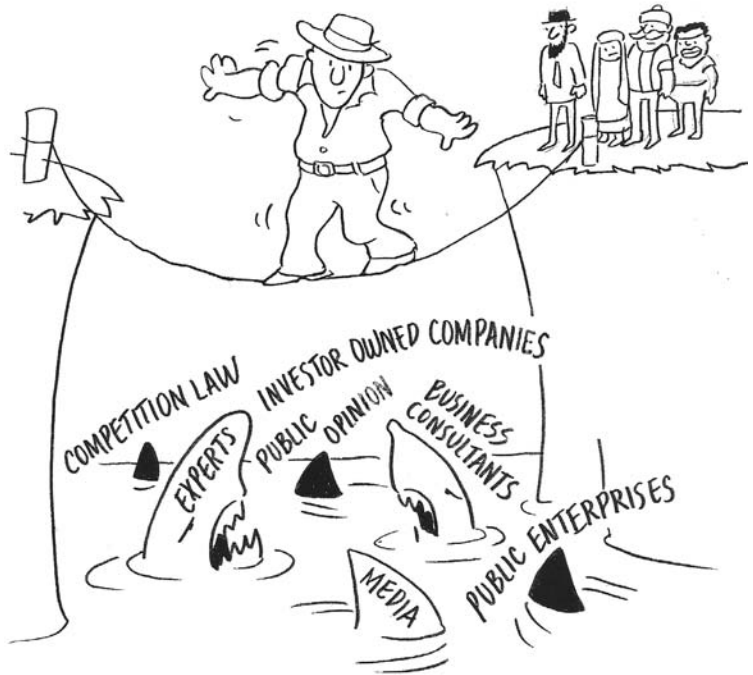


‘The team at SEHC persistently goes beyond my expectations and provides not only safe and affordable accommodation, but a well maintained home in which my children have grown up in security, without the concerns of being uprooted again due to unviable rental increases...’

gift on Mother’s Day was sharing his excitement as he saw his name, for the first time, on the credits in a movie theatre last week. My daughter (19) is studying at Uni and happily earning a part-time income as a “Check-out chick”.

I ask myself: Would we have achieved this if these past few years had been consumed by accommodation concerns, educational instability or disabling mental states often exacerbated by severely limited disposable income? I can honestly say “No” none of this would have been achieved. Clearly, we could not accomplish this on our own.

Every step on the way is built on the solid foundation and the freedoms made available through our membership with the Co-op – and with this in mind please accept my note of profound appreciation.’



Threats to Co-operation

in a position to do much to oppose the legislation. Especially following the Ombudsman's Report on the Essendon Rental Housing Co-operative Ltd, the government was determined to go ahead with the new legislation including terminating the 'perpetual' Headleases with the RHCs.'

Peter Sibly, the former Manager of Frankston and SEHC compared it to the 1999 fight about head leases, 'It was very tricky. We weren't a central player but did support the campaign. We wanted to expand and the Department said that we would have to do this outside the head lease. We thought or hoped that we had promises of funds for expansion.... Apart from the head lease issue, we did have a lot more to lose than the other co-operatives. After twenty years of fighting, the other co-ops seemed to recognise there was a fait accompli about the legislative changes. We opposed forced takeovers and mergers. We were particularly opposed to threatened changes to the boards and believed that the boards should represent members. We were not opposed to one or two independent directors. We were as much focused on future threats.'

Co-operation Strengths and Weaknesses

Endemic to co-operatives is strengths and weaknesses and the capacity and willingness to admit both without overstating strengths and understating weaknesses. Co-operatives are based on values, choices and commitments by members. It is both a strength and weakness of co-operatives that they question their identities, histories and purposes.

Member Participation and Education

According to Co-operatives Australia: 'Co-operative education is education about how the values and principles of co-operation are applied to co-operative business practice – the business application of the co-operative consciousness.' This consciousness reflects and reinforces member participation.

Co-operatives Australia,
Co-operative Education,
March 2010, p 1

Member Participation

Co-operatives are learning organisations and are based on member participation. Whatever the form of participation in a co-operative, the highest authority in any co-operative is the general meeting of members at which each member has one vote.

Member participation has been critical to the viability and success of RHCs. Direct democracy characterised the organisation and activities of RHCs – member participation in all decision-making and activities. This was not to change until the SouthEast Housing Co-operative Ltd was formed in 2000. While member participation remained a core value of SEHC, it was a renewed form of participation – from direct democracy to representative and participatory democracy. Direct democracy remains a key characteristic of most of the remaining RHCs and over 100 CERC co-operatives.

**Co-operative
Principle:
Democratic
member control**



Direct democracy in the RHCs was both economic and political. Economic participation was the ongoing involvement in operational decisions and activities, for example tenant selection, maintenance and finance. Political decision-making was the governance process of decision-making through general meetings, committees and task groups.

Participation was a challenge for all of the RHCs, but the overall experience was that the level of participation varied between the co-operatives. Member participation in the RHCs, however, has been more extensive than in most co-operatives in Australia.

In 1988 the Frankston Rental Housing Co-operative Ltd was noting, 'Like any other organisation we have our problems, mainly due to some people not being sufficiently involved and the workload falling on a few. Sometimes it can be made worse by the hard workers themselves – they don't really want others to share the jobs that give them power and purpose in the co-op. We have to work together to encourage the transfer of knowledge and skills equally among our members. Many problems in the co-op can be resolved by honest and open discussion with the people concerned, or if appropriate at the General Meetings.'

In the Frankston Rental Housing Co-operative Ltd Annual Report, 1992–93, the co-operative's worker, Paul Keating wrote, 'members need to be more involved in the co-op and what's going on outside of our small piece of the world. A number of co-op members have realised that a lot of the workload has been placed on a few members shoulders. People think this is okay while things are going well, but if they don't, conflict arises. This means that members are upset with other members who are perceived to have too much power, and those members doing the work feel unappreciated.'

There is extensive documentation available on the experience of member participation at the Moorabbin Rental Housing Co-operative Ltd. The Participation Task Group first met on 16 September 1993 at

CHAS, *What is co-op housing?*, 1988, p 47

Frankston Rental Housing Co-operative Ltd Annual Report, 1992–3, p 12



**Co-operatives
depend
on active
membership**

14A Cobham Street, Cheltenham. The meeting agreed: Each individual member's participation will be closely scrutinised within the next few months. It was noted that there were 58 members in the co-operative – nine were on leave and that 49 should be participating. Only 50% of the 49, however, attend COM and 21 people had a less than 80% attendance.

The Secretaries of the Moorabbin Rental Housing Co-operative Ltd commented in 1996, 'We also feel disheartened by the lack of interest within the co-operative at the present time regarding the running of the co-operative. It appears that no-one wants to commit to any office bearing positions let alone participate, so once again it is left to the same handful of members as always.'

The Moorabbin Rental Housing Co-operative Ltd established participation guidelines:

Minute of Participation
Task Group, Moorabbin
Rental Housing
Co-operative Ltd
17 February 1999, p 1

Moorabbin Rental Housing
Co-operative Ltd, Annual
Report 1996, p 3

The minimum participation criteria for all members were as follows:

- That minimum participation is classified as the attendance of 80% of compulsory meetings.
- That delegated Task Group Meetings, COM meetings and the Annual General Meeting is determined as compulsory.
- That absence from compulsory meetings may be negotiated where absence is the result of extraordinary disasters and special leave has been approved.
- That participation credits be allocated for attendance of outside meetings and extra duties.
- That when participation is below the minimum requirements:
- The member is asked to attend a steering committee meeting and explain.
- An offer will be made to 'make-up' participation.

- Failure to abide by the above shall result in the steering committee making a recommendation for action to the COM.
- Failure to abide by a contract shall result in an 'NTV' and the withdrawal of membership.

Attachment to a
fax from J Stafford,
Moorabbin Rental
Housing Co-operative
Ltd, to Teresa Zerella,
Dispute Settlement Centre
Victoria, 11 May 1997, p 9

Each member was a member of the Committee of Management and all decisions were made through a process of consensus or majority resolution.

In February 1999, an Active Membership Agreement was made between the co-operative and members, to be signed by a director and the member. In signing the agreement, members agreed that they would 'actively participate in their management of the Co-operative as a condition of continuing membership of the Co-operative, such participation to meet the requirements established in the Rules and/or policies determined by the general membership of the co-operative from time to time.'

PEG members went through minute books of all task groups and the members of the groups to monitor participation. PEG was dedicated and determined, and in August 1999, for example, reported that it had been unable to find the minute books and, therefore, check the participation of members, of the Committee of Management, Tenant Selection, Maintenance and Administration.

Moorabbin Rental
Housing Co-operative
Ltd. Participation
Encouragement Minutes,
17 August 1999, p 2

In the 1994 Annual Report of the Moorabbin Rental Housing Co-operative Ltd the Chairperson, Helen Clark, wrote about the Participation Task Group: 'Although their methods were not appreciated by some, they did accomplish the task of ferreting out a large number of non-participating members and getting those members back into regular meeting attendance. Unfortunately, this spurt of enthusiasm has died an ungraceful death and we are back to square one with members seemingly going into hibernation in their comfortable co-op homes for the winter. I sincerely hope these people have a huge attack of conscience and reappear soon.'

Moorabbin Rental Housing
Co-operative Ltd. Annual
Report 1994, p 2

In the 1995 Annual Report the Chairperson of the Oakleigh Rental Housing Co-operative Ltd, Mark Powell, commented, 'I only hope that this can continue to be do as if we can keep moving forward we can continually to remove some of the barriers that restrict us from having an easier way of life in the co-op (and yes this is achievable) and this leads me into the never ending hated word in the Co-op "PARTICIPATION" again like every year there has been a certain percentage of this that really has fallen below average and before you as a member starts pointing your finger at someone else just think of yours is it squeaky clean or could of you done just that extra five minutes to save.'

Oakleigh Rental Housing
Co-operative Ltd, Annual
Report, 1995, pp 18-19

Participation was discussed at a number of meetings of the Co-operative Housing Sub-Committee of the Community Housing Federation of Victoria Ltd. On the 20 October 2002, there was a

discussion on developing and improving member participation in the co-operatives and 'the need to develop community development skills as well as planning and strategies necessary to make a success of building a stronger sense of member participation and identity.'

At a meeting on 18 February 2003, it was noted that, 'Members often don't know what they should be doing – job descriptions can be useful. It is important to give people clear tasks even if it is only opening up the meeting room and preparing it for a meeting. The mind set of expecting every member to have the same level of participation needs reviewing.'

Co-operative Housing
Sub-Committee,
Minute of Meeting held
22/10/2002, p 1

CHFV, Co-operative
Housing Sub-Committee,
Minute of Meeting held
18 February 2003, p 1

Member Education

RHCs have consistently recognised the importance of education to the participation of members in the governance and operations of the co-operatives. However, this did not lead to recognition that co-operative education is a distinct form of education. There is a difference between co-operatives and other forms of enterprise and there is a need to understand that a distinct co-operative education program is basic to understanding and applying co-operative values and principles.

The co-operative movement is by its nature educational.

The essence of co-operative education is threefold:

- *Self-preservation* – the survival and development of co-operatives.
- *Self-direction* – the members have the will, power and capacity to control their co-operative.
- *Self-reproduction* – the capacity of co-operatives to renew.

In its 1986 Annual Report, the Oakleigh Rental Housing Co-operative Ltd noted, 'The co-operative is based on principles of self help, which aims at providing its members with a supportive community that links to the available community resources. Intrinsic to this objective is the importance of the Co-operative encouraging its members to develop and pass on skills through involvement.' Participation in the co-operative depended on education because, 'It is vital that the initial introduction and orientation into the Co-op is clearly understood to ensure an effective working relationship between members.' Because of this need, a third intake into the Oakleigh co-operative in 1986 'underwent a workshop to familiarise them with the general running of the Co-op, the Head Lease, the Model Rules and task group policies. This has been of great benefit to new members as they have become more quickly and effectively involved in the running of the Co-op.'

In the 1989–90 Annual Report of the Moorabbin Rental Housing Co-operative Ltd, the Vice Chairperson wrote, 'I found my year in office a learning process – learning to write minutes more accurately and the occasional chairing of a Steering Committee meeting. Also it helped me to be more open with my ideas in a small group environment.'

Co-operative Education:
A Handbook of Practical
Guidance for Co-operative
Educationalists,
Co-operative Union Ltd,
1961, pp 6–7

Oakleigh Rental Housing
Co-operative Ltd, Annual
Report 1986, pp 2–3

Annual Report of the
Moorabbin Rental
Housing Co-operative Ltd,
1989–90, p 2

**Co-operative
Principle:
Education,
Training and
Information**



In the 1997 Annual Report of the Oakleigh Rental Housing Co-operative Ltd, the Chairperson of the Committee of Management wrote, ‘... I for one have learnt many skills along the way – how to inspect properties and look for things that home owners try to cover up like dry rot, damp course, the need to restump etc. etc.; how to speak in front of a room full of people; how to chair a meeting; how to write a report; how to work cooperatively with others in the Co-op, and the list just goes on and on. The most important thing I think I’ve learnt is that nothing remains the same, things will always change and we can’t help that. But what we can help is the way things change and the way in which we as a group and as individuals adapt and change too.’

Oakleigh Rental Housing
Co-operative, Annual
Report 1997, p 20

In the 1980s, the group that became Frankston Rental Housing Co-operative Ltd explained the learning process as follows: ‘Group members are getting an important chance to experience what a co-op means (this is fairer than getting a co-op house and then finding out what’s involved). By setting up the co-op ourselves, much of the confidence erosion produced by failure in the housing market and isolation is overcome – so that we are prepared to run our own project. No one is tempted to rely on the professionals to run it because there are no professionals there to run it! The best thing is probably the real self-help-mutual-support community that’s growing amongst us because we only had ourselves to rely on. This has generated a “pulling together” enthusiasm.’

The Process of the Group’s
Development, No Date, p 1

From the evidence, it seems that the RHCs have understood that rental housing co-operatives are educational by their very nature. There has been a clear commitment to self-preservation but this has not necessarily been set within the context of co-operative values and principles. Self-direction by members has also been a commitment, although not always accomplished in practice; yet member control is essential to ensure that managers and board remain accountable. Self-reproduction has been a varying commitment, but unless there is membership control,

this can be threatened by boards and managers who work against the interests of members. Education in a co-operative has limited value unless it is ongoing and based on explicit co-operative values and principles.

Co-operation Among Co-operatives

Victoria's RHCs have been ambiguous about co-operation between co-operatives. Since 1985 there has been a pattern of co-operatives initially co-operating for joint representation and short-term projects, for example the Joint Housing Collective (1994–96), the Phoenix Management Co-operative Ltd (1996–2000), the United Housing Coalition (1997–2004) and the Co-operative Housing Sub-Committee (2001–). A unique exception to this has been the emergence of the SouthEast Housing Co-operative Ltd, which has demonstrated the continuity of co-operative values and principles and a capacity and willingness to adapt and change.

Although genuine co-operatives, the RHCs identified more with 'housing' than 'co-operatives' and this explains their eventual absorption within the Community Housing Federation of Victoria Ltd. The Co-operative Federation of Victoria Ltd did not have the experience and capacity to meet the housing resourcing needs of the co-operatives, as could be provided by the Community Housing Federation of Victoria. But, then, the government has been consistent in its preference to negotiate with a broad church community housing peak body rather than a housing co-operative peak body, yet alone individual RHCs.

Since their inception, the rental housing co-operatives as a group did not seek support from and membership of the Co-operative Federation of Victoria Ltd. A minority, however, did become members:

- 1993 Eastern Suburbs, Moorabbin
- 1995 South Barwon, Frankston, Essendon
- 1997 Ringwood/Croydon, Northcote
- 1998 Carlton, Sunshine/St Albans

Joint Housing Collective

The Joint Housing Collective was established on 23 March 2004 under the Associations Act. According to its President Shirley Faram, Frankston Rental Housing Co-operative Ltd, its purpose was 'to unify and give voice to the Rental Housing Co-operative sector in Victoria.'

Office bearers elected were President Shirley Faram (Frankston RHC), Vice President Liz Pearcey (Eastern Suburbs RHC), Secretary Jean Evans and Treasurer Jopan Rowe (St. Kilda).

Prior to its establishment, there had been a Frankston Rental Housing Co-operative initiated and hosted conference in October 1993 at Raymond Island. Here it was agreed to restructure rental housing



**Co-operative Principle:
Co-operation Among
Co-operatives.**



**The logo of the Joint
Housing Collective**

co-operatives to allow for a smoother integration into the Community Housing Program.

Commenting on the Joint Housing Collective in the Moorabbin Rental Housing Co-operative Ltd Annual Report 1994, Greg Nolan wrote, "There remain a number of people who were then, and still are, resistant to change. There has been a core minority of about 4 co-ops which has wanted to keep the program as it is." He also wrote, "There are also some who have said that the JHC is not a legitimate, or proper tenant-based organization, that it is run by workers, and there are people who have wanted to see more initiative from the DPD on these proposals, ie 'something official.' In all, emotions have run fairly high, and in many instances, this has tended to HIJACK sensible debate about these issues."

Moorabbin Rental Housing
Co-operative Ltd, Annual
Report 1994, p 9-10

In July 1994, the Worker at the Ringwood/Croydon Rental Housing Co-operative Ltd presented a report to a general meeting on the Joint Housing Collective. The report reproduced the preamble to a motion to be presented by the Moe Rental Housing Co-operative: 'At the meeting of 8/6/94 the minutes were taken in the style of a process record in parts of the meeting. Using this style, it is possible to see the process of the debates. What the records demonstrate is that the debate process is unstructured and not very productive. Often getting off the track, and allowing people to be directly rebuked for their comments. This often happens when there are two or more groups with very different views on the issues of the meeting.' The Moe motion was that the Joint Housing Collective use a formal meeting procedure to conduct the business of the meeting.

Worker report for
July 1994 General
Meeting, Ringwood/
Croydon Rental Housing
Co-operative Ltd, p 1

'In summary, there is a lot of game playing and power mongering going on in the JHC at the moment. The Co-ops who have put a lot of work into seeing Joint Co-ops formalised into JHC, developing the Model Rules and submissions to DPD for the project worker feel justified in arguing that their views should carry the most weight (ie all RHCs should be happy to integrate into the CHP). There is resistance to incorporating the views of non-member Co-ops or those who wish to question the CHP path. Ultimately, the JHC probably will be the "legitimate" voice for RHCs statewide, but in the meantime, there is a lot of work to be done to bring about a situation which all Co-ops are happy with.'

Report to Members on
Joint Housing Collective
Meetings, Program
Review and Associated
Information, June 1994,
Ringwood/Croydon Rental
Housing Co-operative
Ltd, p 3

In the 1995 Annual Report of the Moorabbin Rental Housing Co-operative Ltd it was noted, 'Well, it hardly needs to be said that there have been difficulties in achieving that ideal of unity and cohesion, BUT, there is steady progress, and the JHC has proved to be a very effective leader on some of the "Big Picture" Community Housing issues such as the K-Z Reports, Operating Subsidies, etc. It was acknowledged last year that the establishment of JHC was always going to involve some "teething problems" because it was brought about in an atmosphere of "pressure for change" by Government. However, despite this pressure and also from some Co-op members who have been critical and resistant

to change, the sector's strong response to the above and other issues was as a result of unified, Co-operative efforts by members and workers of various Co-ops.'

The first AGM of the Joint Housing Collective was held on 14 October 1995 at St James Court, West Melbourne, with 44 in attendance from 12 rental housing co-operatives. At the meeting, it was agreed that all co-operatives should consider holding a Special General Meeting to discuss the endorsement of JHC as the peak body, and that a list of points of agreement should be sent to all co-operatives and that co-operatives should be invited to add to this.

By 1997, however, President Shirley Faram noted in her report, 'Over the past 12 months, attendance at JHC meetings and participation in JHC activities has waned. Whether this is a result of lack of interest, lack of progress or confusion and disagreement over the exact role of JHC, is uncertain.' She further noted, 'As president, I've tried to keep JHC functioning to the best of my ability. However, this has been very difficult due to lack of interest. The Executive Committee technically no longer exists and Jean as secretary and myself as president are the only remaining office bearers.'

On 12 March 1997 at a meeting at Ross House, Melbourne, the Joint Housing Collective decided to wind-up. There were 15 at the meeting representing nine housing co-operatives – Frankston RHC, Diamond Valley RHS, Eastern Suburbs RHC, North Geelong RHC, Fitzroy/Collingwood RHC, Sunshine/St Albans RHC, Footscray RHC, Essendon RHC and Northcote RHC. On the 5 June 1997, the Joint Housing Collective lodged its notice of voluntary winding up with the Office of Fair Trading and Business Affairs.

Reflecting on the experience of the Joint Housing Collective, Shirley Faram comments, 'There was a continuing inability to work together – for co-operatives to co-operate.' She says that the Frankston Rental Housing Co-operative Ltd had 'decided the JHC wasn't going anywhere – and we weren't getting anywhere'.

Phoenix Management Co-operative Ltd

In 1995, the Community Housing Group, Office of Housing, proposed to re-structure the community housing sector as part of the national reform of the public and community housing sectors. A group of housing co-operatives met on the 29 May 1995 to discuss the proposed restructure and what it could mean for housing co-operatives. There were further meetings in October 1995 in Frankston and in March 1996 in Melbourne.

At a formation meeting on 12 December 1996 at the RACV Club in Queen Street, Melbourne, Phoenix Management Co-operative Ltd (Phoenix) was formed by five rental housing co-operatives from Eastern Suburbs, Frankston, Northern Geelong, Ringwood-Croydon and South

Moorabbin Rental Housing
Co-operative Ltd, Annual
Report 1995, p 8



**The logo of Phoenix
Management
Co-operative Ltd**

Barwon. The five elected delegates from the co-operatives involved formed the first board of directors. The co-operative was registered on the 30 December 1996.

'Like a mythical creature rising from the ashes, the Phoenix Management Co-operative Ltd has emerged from the confusion in the non-profit housing sector to provide some light for low income co-operative housing tenants.'

Phoenix's mission was to be a member directed organisation guided by the values, principles and practices of co-operation in its commitment to the provision and management of affordable, secure, quality, long-term housing. The aims of Phoenix were:

- To work towards the expansion of the co-operative non-profit housing sector.
- To promote the values and principles of co-operatives and co-operation.
- To provide its members with (a) a financially viable, well resourced and accountable means of service delivery. (b) a housing option which encourages an improved quality of life. (c) maximum involvement in all decisions made by the organisation. (d) education and training in areas of responsibility.
- To work towards the improvement and maintenance of co-operative not-for profit housing.

Phoenix Management
Co-operative Ltd, Press
Release 20 February
1997, p 1

*Introducing Phoenix
Co-operative
Management – Housing
for people – not for profit,*
February 1997

Letter from Jean Evans,
Ann Gee and Shirley
Faram to Mr. Tony
Nippard, Manager,
Community House
Group, Office of Housing,
20 February 1997

Discussion for the
Amalgamation of Five
Co-operatives to form
a housing management
group, 15–16 August
1996, p 1

Phoenix Management
Co-operative Ltd,
The Phoenix Phlyer, Vol 1
No 1, 1996, p 1

Phoenix initially aspired to tender for the management of 176 properties held collectively by this group. 'All housing co-operatives will be eligible for membership of Phoenix, once the model has been finalised and implementation has begun. Other organisations currently managing long term housing will also be eligible for membership as an affiliate.' The short-term expectation, however, was that the Ministry of Housing would reward Phoenix for its enterprise, and there was a plan that each participating co-operative would apply for 10 houses each, making a total of 50.

Phoenix's ultimate aspiration, therefore, was to manage all properties held by all rental housing co-operatives. It was an ambitious and a bold plan to prevent individual co-operatives being taken over by large organisations instead creating a large co-operative. The Phoenix newsletter, *The Phoenix Phlyer*, said on the front page of the first issue it 'would like to develop, establish, expand and maintain a statewide RHC Program. The Office of Housing has given a commitment to consider a statewide venture if the proposal is viable – regional boundaries should not prove to be an obstacle.'

'In a bid to off-set a forced take over by a large organisation with no community housing management experience or commitment to co-operative tenant based management, a group of co-operative housing tenants have joined together to form a Primary Co-operative called the

Phoenix Management Co-operative Ltd (PHOENIX)' The press release quotes an anonymous director of Phoenix as stating: 'The challenge is to retain our democratic and co-operative principles under a tenant based management structure which is capable of meeting the accountability requirements demanded by the Department. We believe Phoenix is capable of doing both these things and our efforts to retain control over the management of RHC houses should not be ignored by the Government.'

Phoenix Management
Co-operative Ltd, Press
Release 20 February
1997 p 1

However, Phoenix did not proceed beyond its foresight and plans. Northern Geelong did not attend any meetings, and Eastern Suburbs and South Barwon decided that they did not wish to proceed. South Barwon considered the co-operative responsibilities and workload too onerous and decided to wind-up as a co-operative and return the properties to the Government with the former members becoming public housing tenants. Formed on 10 October 1988, South Barwon was deregistered on 8 December 2000.

Phoenix Management
Co-operative Ltd, Press
Release 20 February
1997 p 1

The Phoenix Management Co-operative itself was deregistered on the 21 March 2000.

Around 1997, Greg Maloney, then at the Macaulay Community Credit Co-operative and a Director at the Community Enterprise Network Co-operative (CEN), was involved in discussions with one of the workers at Carlton Rental Housing Co-operative about CEN carrying out a feasibility on establishing 'a rental housing co-operative association' that might perform a range of functions on behalf of its member RHCs as an alternative option to co-ops amalgamating.

In 1999 Peter Sibly wrote, 'Involvement in campaigns to fight for housing justice has dropped off partly due to work with the merger, however, it is more important than ever that Governments put more funds into the public and community housing sectors and we are hopeful that the new State Government will put more funds into public and community housing.'

Frankston Rental Housing
Co-operative Ltd,
Sixteenth Annual Report,
29 October 1999, p 4

According to Peter Sibly, 'Phoenix was important in recognising the need for the co-operative to go forward, grow and attract funds at a time when public servants were saying, "the RHC model is dead – we want to bury it."' Peter Sibly suggests that the Phoenix proposal was too ambitious in wanting 'every co-operative in the state under one co-operative. It was never going to happen.' He says that the few had developed the proposal for the many without involving the many. The majority of the rental housing co-operatives not involved in the formation of Phoenix agree.

The United Housing Coalition Inc

In August 1997, a forum of RHCS and CERC co-operatives agreed there was a need for a peak body. The United Housing Coalition (UHC) was incorporated on 29 October 1997. At 31 March 1998 the Coalition's

Letter from Peter Sibly, for United Housing Coalition, to Mr. Tony Nippard, Manager, Community Housing Group, 31 March 1998, p 1

membership included 28 co-operatives – 12 RHCS and 16 Common Equity Rental Co-operatives.

The involvement of the CERCs was significant because for the first time the two streams of rental housing co-operatives were united. Their involvement, however, was controversial for some. The Managing Director of Common Equity Housing Ltd, Ken Brown, wrote to the Coalition regarding its establishment. Brown complained that Common Equity had not been consulted. He suggested that the Coalition was ‘in direct competition with Common Equity Housing Ltd’ and he warned ‘We cannot endorse your Coalition and will advise our members accordingly’ and that ‘you have no authority to represent CERCs generally, or the CERC program.’

Letter from Ken Brown to United Housing Coalition, 28 October 1997, p 1

In response, Ruth Pearse, for the United Housing Coalition, wrote to Brown that ‘given the United Housing Coalition is a “consumer” based group, we did not believe that it was appropriate to consult with Common Equity Housing Ltd with regard to its formation’ and that ‘CERCs like the RHC have a right to make their own decisions regarding their involvement with the United Housing Coalition.’

Letter from Ruth Pearse, United Housing Coalition to Ken Brown, Managing Director, Common Equity Housing Ltd, 20 November 1997, p 1

According to Greg Maloney, however, by the end of 1999, few CERCs were attending the meetings as the agendas were mainly RHC issues, naturally dominated by the legal battle to retain the ‘perpetual’ head leases – a ‘life or death’ matter for the RHCs. The CERCs could probably not see a benefit in remaining involved in the UHC.

As already discussed, the UHC fought against and prevented the government from abolishing head leases. At the time, it was a significant political victory by a small group of co-operatives against the overwhelming resources of government. While the government had overwhelming resources, the law rendered these impotent.

In 2002 the UHC became a member of the Community Housing Federation of Victoria Ltd, which had been established in 1997.

Eventually, the UHC decided to wind-up in 2003. By this stage the constituent RHCs had either joined the Community Housing Federation of Victoria, which had been formed in 1997, or joined shortly after. Many of the RHCs decided they needed to be part of the ‘bigger picture’ especially with a new housing agencies act coming into being.

Co-operative Housing Sub-Committee

The Co-operative Housing Sub-Committee was established by the Community Housing Federation of Victoria Ltd (CHFV).

On the 22 August 2001, the CHFV convened a co-operative forum chaired by John McInerney, Secretary CHFV, with nine co-operative representatives, including three from RHCs. The purpose of the meeting was stated as identifying issues that would assist the development of a CHFV policy on rental housing co-operatives. By the conclusion of the

meeting, however, the development of a CHFV policy on rental housing co-operatives became a recommendation that CHFV establish a co-op sector sub-committee. A second meeting of the Co-operative Forum on 3 October 2001 was informed that there had been a positive response from the United Housing Coalition to establishing a co-op sector sub-committee of CHFV. This meeting adopted terms of reference for the sub-committee

Minute of Co-operative
Forum held on 22 August
2001, pp 1-2

1. Purpose and Functions

- To provide a forum for information and intra-sector resource sharing and discussion of issues of interest to co-operative housing providers.
- To represent the collective view of Co-operative Housing sub committee members.
- To provide other CHFV members and the CHFV Management Committee with information and insights in regard to matters relevant to the co-operative housing sector.
- To contribute to CHFV policy development and advocacy functions as they relate to provision of co-operative housing.
- To act as a consultative mechanism for CHFV on co-operative housing issues.
- To monitor current government policy direction on co-operative housing provision.
- To identify emerging co-operative housing issues and develop appropriate responses, including delegated responsibilities to negotiate operational issues in relation to co-operative housing management.
- To provide data to CHFV regarding co-operative housing providers.
- To liaise with the CHFV training sub-committee to promote the development/delivery of education and training resources for co-operative housing providers.

2. Membership & Decision Making

- Rental housing co-operatives and Associations or Bodies involved in the Rental Housing Co-operative Sector and which are members of CHFV, are entitled to be members of the CHFV Rental Housing Co-operative sub-committee.
- Rental Housing Co-operative sub-committee meetings are open to all Rental Housing Co-operative providers.
- The Sub-Committee will aim to reach decisions by consensus, however, where a consensus is not possible, only members of CHFV have voting rights and decisions will be made by a majority vote of CHFV members, with the convenor having a casting vote.
- Each CHFV member organisation is entitled to one vote.

3. Role of Convenor

- The convenor of the RHCSC will be a member of the CHFV Management Committee or a representative nominated by the Management Committee.
- The RHCSC convenor will:
 - determine meeting dates in conjunction with the sub-committee;
 - formulate the meeting agenda;
 - facilitate consensus decision making;
 - ensure that the minutes of meetings or proceedings from any forums are kept and circulated to members, and that a report is provided to the Management Committee;
 - assist the Sub Committee to stay focused on its core responsibilities and tasks;
 - encourage and facilitate participation;
 - ensure the Sub Committee operates democratically and its processes are open, transparent and accountable;
 - liaise regularly with the CHFV Management Committee and staff.

CHFV Co-op Forum,
2nd Meeting held 3
October 2001, p 1 and 4

On the 15 April 2003, a meeting of the CHFV Co-operative Housing Sub-Committee discussed merging meetings with the United Housing Coalition. At a meeting of the United Housing Coalition on the 7 May 2003, reported in a subsequent meeting of the Co-operative Housing Sub-Committee on 20 May 2003, agreement was made to fold into one meeting and no longer meet as a separate group. For the first time, the co-operatives would meet as a sectional group within a broader community housing federation. At a meeting on 2 July 2003, it was agreed that as the United Housing Coalition and the Co-operative Housing Sub-Committee were meeting as one, it was not necessary for the Coalition to renew its membership of CHFV. This was really an acknowledgement that the United Housing Coalition had been absorbed into the Co-operative Housing Sub-Committee.

CHFV Co-operative
Housing Sub Committee
Minutes of meeting held
on 20 May 2003, p 2

CHFV Co-operative
Housing Sub-Committee
Minutes of meeting held
on 2 July 2003, p 2

According to Peter Sibly, with the legislation to cancel the head leases and the emergence of the Community Housing Federation of Victoria Ltd, 'it was before and during this period that the co-operatives lost their united voice and CHFV started to represent co-operatives. It started with CHFV attending co-op meetings and gradually worked their way in and the co-operatives joined CHFV. CHFV was generally supportive of the amendments.'

Co-operative Adaptation and Change

Since 1985, there has been continued uncertainty within the RHCs and between RHCs and governments.

This uncertainty was summed up in the 1997 Annual Report of the Oakleigh Rental Housing Co-operative Ltd by S. Murray: 'Some co-operatives appear to feel that rental Housing Co-operatives as we know them will not be around much longer and have taken matters into their own hands and come up with an alternative. Eastcoast Housing has been formed from Moe, Chelsea and Bairnsdale Co-operatives. They approached the Department of Planning and Housing who handed over their leases plus \$10 million for upgrading, and they are to be completely self-sufficient; it is being run by a board of directors. Phoenix is another and that has Frankston and two other Co-operatives joined under a board of directors, again the Department of Planning and Housing handed over the leases and they are to run under a governing body. Joint Housing Collective has wound up because they could not find anyone willing to stand on the committee. Southern Regional Housing Council will close, as they will not be funded after the end of September. There are going to be a lot of changes coming, whether Co-operatives are going to continue as they are now is something no-one knows, or the people that do know are not saying. So the thing to do is continue as best we can and see what the future brings.'

Oakleigh Rental Housing
Co-operative Ltd, Annual
Report 1997, pp 28–29

Doing the Best

After the Phoenix experience, the remaining co-operatives concluded that the brand Phoenix had been damaged. Instead, there was a preference for a South East Housing Group, involving Frankston, Ringwood/Croydon and Eastern Suburbs and later Oakleigh. The co-operatives decided to do the best they could to determine the future.

'The three surviving co-operatives from Phoenix decided to continue to work together – to see if they could amalgamate policies and pool resources,' states Peter Sibby.

At a meeting on 18 February 1998 of what was then called the Metropolitan Housing Ltd (which eventually became SouthEast Housing Co-operative Ltd), there was agreement on the following aims for the merged co-operative:

- To effectively and efficiently deliver an accessible, affordable and quality housing service.
- To operate a community housing organisation based on the principles of co-operation, social justice and voluntary participation.
- To be effective property managers and a financially accountable organisation.

Minute, the Metropolitan Housing Ltd, 18 February 1998, p 4

A General Meeting of members of the Frankston Rental Housing Co-operative Ltd (FRHC) on 5 October 1998 agreed to amalgamate with the Eastern Suburbs Rental Housing Co-operative to form the SouthEast Housing Group.

On 20 October 1998 the Eastern Suburbs Rental Housing Co-operative Ltd confirmed in writing under its common seal to members of the FRHC: 'That the members of the Eastern Suburbs Rental Housing Co-operative Ltd have agreed in principle to merge with Frankston Rental Housing Co-operative Ltd providing the legal and funding arrangements negotiated with the Office of Housing are satisfactory.'

Eastern Suburbs Rental Housing Co-operative Ltd, David Pearcey and Trevor MacKenzie, 20 October 1998 p 1

The Fifteenth Annual Report of the FRHC noted that for 12 months we have been working on forming the South East Housing Group to meet the requirements of the Community Housing Restructure. 'We have developed a management proposal which has been presented to the Office of Housing and just recently accepted by them.'

Frankston Rental Housing Co-operative Ltd, Fifteenth Annual Report, 30 October 1998, p 10

In the report, the FRHC Manager Peter Sibly commented, 'Anyway I believe you are doing the best thing by agreeing to merge with Eastern Suburbs RHC to form SouthEast Housing Group as it is obvious that small co-ops will not survive into the future. At least this way you have taken control of your future. However, I do believe you will have to continue to work for housing justice and make sure co-ops and their tenants are given a fair go. Once SouthEast is established the involvement of members will be reduced and that change will be difficult for all of us to get used to but the Government has made it clear they do not want tenants having complete financial and legal control of cooperatives so I guess we have to move with the times if we want to survive.'

Frankston Rental Housing Co-operative Ltd, Fifteenth Annual Report, 30 October 1998, p 11

'It was a long hard process,' reports Peter Sibly, 'trying to gain agreement from four co-ops with a long history and with their own policies to merge into one is no simple feat.'

At a meeting on 11 August 1999, it was agreed that the four co-operatives would pool all information including annual reports, records of rents, financial situation, and unspent funds including commitments, tenancy files and property files. It wasn't all smooth sailing. Following

repeated failed requests to one of the co-operatives to produce their financial reports, the new group of co-operatives was starting to look shaky.

After prolonged negotiations, the following resolution was adopted: 'That Frankston, Eastern Suburbs and Ringwood/Croydon merge with Oakleigh Rental Housing Co-operative and include them with SouthEast Housing Co-operative Ltd subject to their formal agreement and provision of relevant documentation.'

SouthEast Working Group
Meeting, Frankston,
11 August 1999, pp 1-2

According to Peter Sibly, 'One morning after a long meeting the previous day, I got a phone call from the worker at Eastern who said he was turning himself in to the Box Hill police because he had been embezzling the co-operative for four years. The other two co-operatives now realised why the financial statements had not been forthcoming from Eastern. Not to be put off they pressed on regardless, but now needed to find another partner to remain viable. Luckily Moorabbin RHC was also looking towards the future and soon arrangements were made for the members of all four co-ops and workers to meet to discuss a merger.'

A meeting on the 24 September 1999 noted that the Ministry of Housing had suggested that there was a need to re-assess the merger proposal, that Eastern Suburbs involvement should be delayed until legal and financial matters were sorted with investigations by OFT and BA and the CIB, and that members of the co-operative might not be eligible to be on the board of the new co-operative.

SouthEast Working Group
Meeting, Frankston,
24 September 1999, p 1

In discussions, the Ministry of Housing had made it clear that the new co-op would have to sign a management agreement rather than merge under the head lease.

Minute of SouthEast
Housing Co-operative
Working Group, 15 October
1999, p 2

A meeting on 19 November 1999 noted that Eastern Suburbs would take 12 months to get out of debt and was discussing with the Ministry of Housing as to whether or not it could merge with SouthEast.

Shirley Faram comments, 'We decided to proceed without Eastern Suburbs. If we had proceeded, then, we would become responsible for their debts and problems. We didn't need that.'

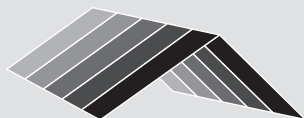
SouthEast Working Group
Meeting, Frankston,
19 November 1999, p 1

The merger with Eastern did not proceed – the confession of the embezzling worker, the police and government investigations and the appointment of an Administrator took an enormous toll on the co-operative's members.

The preceding chapters have outlined the experience of four rental housing co-operatives – the Frankston, Moorabbin, Oakleigh and Ringwood-Croydon co-operatives.

SouthEast Housing Co-operative Ltd (SEHC) was formed in on 12 June 2000. The inaugural meeting adopted the rules and the first board of eight women was elected – three from Frankston, three from Oakleigh and two from Ringwood/Croydon The meeting was chaired by the Chairman of the Co-operative Federation of Victoria Ltd, David Griffiths.

SEHC Profile



SouthEast Housing Co-operative Ltd

Agency Mission:

To provide secure, affordable and environmentally sustainable long-term community housing managed by and for low income people and deliver excellent services to improve the quality of life of residents.

Agency history

SEHC was founded through the merger of Ringwood/Croydon, Oakleigh and Frankston Co-operatives in 2000. They sought to consolidate community assets and ensure members would have control over an effective and efficient housing management structure. The new structure worked so well the Moorabbin Rental Housing Co-operative ceased trading and became part of the organisation in 2004. SEHC is the largest Rental Housing Co-operative in Victoria.

Scope of operations

<i>Housing</i>	Long-term Affordable Housing Management for 150 DHS and 10 SEHC properties.
<i>Target groups for housing</i>	Low income households
<i>Legal structure</i>	South East Housing Co-operative is incorporated under the <i>Co-operative Act 1996</i> .
<i>Key partnerships</i>	The agency has relationships with Loddon Mallee Housing Services; The Community Housing Federations of Victoria and Australia; Common Equity Housing Ltd

SEHC Key Statistics

160	Housing properties under management comprising: long term
10	Properties in agency ownership
10	Tenancy units in agency ownership
7	Total number of staff
6.2	Total EFT

Assets

Total as at end of previous financial year	\$3,364,181
Annual turnover for year ended	\$1,490,625
Operational surplus for previous financial year	\$141,668

Profile of housing tenants

20% are single person households
35% are single parent with dependant children households
17% are households with two or more adults as well as at least one child
28% are households with two or more adults without children

Meeting Moorabbin Rental Housing Co-operative Ltd and SEHC, Re: Transfer of Engagements, MRHC office, 26 May 2004, p 1

Subsequently, there were discussions with the Moorabbin Rental Housing Co-operative Ltd on a merger. The ballot results for the merger were as follows:

<i>Co-op</i>	<i>For</i>	<i>Against</i>	<i>Informal</i>	<i>Invalid</i>
SEHC	53	4	2	2
MRHC	42	9	–	–

Moorabbin merged with SouthEast on 1 July 2004.

The survival of the RHCs since their inception is a tribute to the stubbornness of the co-operatives and their capacity to withstand varying government dispositions of hostility, indifference and tolerance, and reflects and reinforces the resilience of co-operative values and principles. The establishment of SEHC demonstrated a necessary lesson of co-operative survival – adaptation and change.

SEHC recognises that it is part of a broader co-operative movement and is committed to co-operation between co-operatives. SEHC has been a member of the Co-operative Federation of Victoria Ltd (CFV) since 2000 and the Chairperson, Shirley Faram, has been on the CFV board since 2007.

Significant Renewal

Since 2000, SEHC has continued to adapt and change. In 2007 SEHC went through a significant renewal in governance policies and practices – a Member Manual and Governance Manual were adopted, Governance, Policy, Finance and Stock Acquisition Committees replaced the Tenancy Support, Office Support, Members and Financial Management Committees. The new committees reflected and reinforced the board's understanding of the clear governance separation between policy and operations and that it was no longer desirable or necessary for members of the co-operative to be in operational activities. Subsequently, an Audit Committee was established and other committees rationalised – the Governance and Policy Committees were merged into a Governance and Policy committee and the Finance and Stock Development Committees were merged into a Business Development Committee. The changes were evidence of the co-operative's ongoing commitment to continuous improvement.

In 2009 and 2010 the board and members revisited two key issues that have remained relevant to RHCs since 1985 – member participation and co-operative education. With the support of general meetings of members on 23 November 2009 and 31 May 2010 the rules were changed to provide for (a) compulsory board workshops for retiring and aspiring directors (b) new tenants to serve as probationary tenants before being eligible for membership – replacing probationary memberships

(c) a compulsory induction program for new tenants and (d) extending the scope and application of active membership.

In 2010 SEHC had a member's register of 203 made up of 36 males and 167 females since 2000. There were 12 joint members in this total. In 2010 the average age of SEHC members was 50.6 years – 143 females and 21 males (including 5 dual memberships).

General Meeting 31 May 2010

Members	160
Retirements	22
Attendance	56
Attendance as a % of membership	40.6%
Apologies	24
Attendance plus apologies as a % of membership	57.9%

General Meeting 23 November 2009

Members	160
Retirements	22
Attendance	58
Attendance as a % of membership	42%
Apologies	28
Attendance plus apologies as a % of membership	62.3%

General Meeting 15 June 2009

Members	160
Retirements	22
Attendance	49
Attendance as a % of membership	35.5%
Apologies	17
Attendance plus apologies as a % of membership	47.8%

Participation and Democracy

Rental housing co-operatives have shared an ongoing commitment to participation and democracy and this has necessarily involved a

International Joint
Project on Co-operative
Democracy, *Making
Membership Meaningful –
Participatory Democracy
in Co-operatives*,
Centre for the Study of
Co-operatives, 1995, p 310

commitment to education about participation. With the establishment of SEHC, the direct democracy model gave way to representative and participatory democracy. In 1995, the International Joint Project on Co-operative Democracy concluded that both representative and participatory democracy were integral to the survival and development of co-operatives as businesses.

The creation and survival of SEHC is a triumph for the continuing relevance of co-operative values and principles and the ongoing commitment of the members and the board to the co-operative difference through adaptation and change.

Generally, in Australia the housing establishment's perceptions of housing co-operatives has been based on folklore that ordinary people and communities cannot be trusted to make decisions through their own housing co-operatives, and that governance should be through 'professional' boards of companies independent of tenants. There is strong commitment to tenant participation, but control and ownership by tenants is considered problematic. It is not surprising, therefore, that government policy in Australia does not recognise co-operative housing as a viable growth model and, therefore, generally does not work in sympathy with the sector and provide an effective development, support and advice framework. Based on grass roots community development In Victoria, there has been ongoing support for co-operative housing providers and, in particular, with the CEHL hybrid model, co-operatives owning a company with a majority of non-member directors.

The application of this folklore is not confined to housing co-operatives. There is a general reluctance throughout public policy debate and decisions to accept that the users of services can also control and own those services. This is why CEHL is a preferred model for community housing co-operatives, with a majority of non-tenant directors on its board, and why head leases were removed from rental housing co-operatives, why co-operatives are not allowed to register as housing associations and why growth for the RHCs has been minimal since 1990. The Chairperson of Co-operatives Australia, David Griffiths, explains, 'public policy debate is dominated by an assumption that there are two enterprise models – private or public. This ignores the experience and success of the fourth sector – the co-operative model. Co-operatives Australia has published a list of the top 100 co-operatives, credit unions and mutuals in Australia – demonstrating the economic viability and impact of enterprises that are member owned and controlled.'

Co-operatives Australia,
*Public Policy and
Co-operatives*, April 2009

Co-operatives Australia,
*Australia's Top 100
Co-operatives, Credit
Unions and Mutuals
by Annual Turnover*,
September 2010

There have been governance and other problems with some co-operatives such as the Essendon Rental Housing Co-operative, and this experience has been used to conclude that the experience of the few is a characteristic of the many. This conclusion has been refuted by the experience of SEHC and CEHL. While CEHL is a company, the owners

of the company are co-operatives. While individual co-operatives may fail, the model in itself is not a failure.

There is evidence from the UK that the co-operative model is a viable option to other community and council providers. The Independent Commission on Co-operative and Mutual Housing was formed in mid 2008 to explore the historic role of housing co-operatives and chart potential mutual futures for this diverse sector. The Commission concluded:

- an 88% satisfaction rating amongst housing co-op tenants, as opposed to a 77% rating for housing association and council tenants.
- cooperative tenants were the group most likely to say that their landlord already does a good job (15%), in comparison to 3% of council tenants and 6% of housing association tenants
- the average level of current tenant arrears is significantly lower overall in the co-ops than the national average: 1.4% compared to 5.2%.

Source: Commission on Co-operative and Mutual Housing (UK), *Forging Mutual Futures - Phase 1 Report.pdf*
<http://www.ccmh.coop/>

Asset ownership is critical to the future development of rental housing co-operatives – and SEHC. Asset ownership enhances financial sustainability and empowerment. In recent years, the UK government policy has been to encourage and facilitate community ownership and management of assets.

The General Manager of SEHC, Greg Flynn, comments, ‘To grow affordable housing government grants are required. Being a small co-operative and because we don’t own 94% of our properties we do not have access to growth funds. So for the Rental Housing Co-operative sector there are at best minimal growth options. However, the sector is looking stable and tenants need have no fear about their security of tenure. The future of Victorian co-operative housing in Victoria has only one shining light and I am sorry to say it is not SEHC. Common Equity Housing Ltd is a company that fosters housing co-operatives that are different from SEHC in that they cannot employ staff. Common Equity has been able to access development funds & after the state government is Victoria’s largest landlord. Common Equity is increasing to approximately 3,000 units and is hoped to be worth almost \$1b when all developments occur.’

Mike Aiken, Ben Cairns and Stephen, *The Community ownership and management of assets*, Joseph Rowntree Foundation, 2008

SEHC is the phoenix that emerged from the Frankston, Oakleigh, Moorabbin and Ringwood Croydon co-operatives and has survived. Whatever the future of SEHC, its survival over a 25-year period as a co-operative, reflecting and reinforcing co-operative values and principles, has demonstrated a critical capacity and willingness to adapt and change, and is a tribute to the commitment of past and present members and those who have served the co-operative as office-holders and staff.

Manager: Greg Flynn



SEHC's General Manager since 2005, Greg Flynn, comments on how a co-operative compared with his previous work experience.

'People are people and I have worked for years in social causes: much of what occurs is transferable irrespective of whether it is a company, association, church group or co-operative. But there are differences, having the service recipients electing the board employing staff does change the organisational culture. Co-operatives are inherently more political and work harder at providing services than another type of agency. The co-operative structure allows ordinary people an opportunity to pursue enlightened self interest and participate in their wider community.

'Since beginning work at SEHC there have been a number of significant organisational achievements. The first is registration as a Housing Provider. The government set a high standard regarding registration and SEHC was acknowledged as having one of the best submissions. I am also proud how SEHC tries to be as professional and compassionate as it can be when dealing with tenancies. These two features are not always easy bedfellows but the agency really does try to help people.

Also, feedback from the membership is rewarding. There is something delightful about a constructive and passionate debate amongst the membership at a General Meeting, which shows ordinary people can participate in the running of their lives. Another major change was in the nature of participation. Prior to merger members fulfilled many of the operational functions of the agency. Post merger and especially post registration the obligations of membership have changed. We no longer have hands on committees and the membership have indicated it wants a couple of General Meetings a year where it can be briefed and comment upon policy and activities. The committees are now effectively board committees; however, the membership can still participate.

‘Co-operative strengths and weaknesses are really based around the same thing – the membership. Being reliant upon the membership to elect the board we are reliant upon the democratic process. A committed membership with clear views can elect an informed board to enact an agency vision. A non-committed membership can result in a board with poor guidance. Nationwide and probably across the developed world, co-operatives have been in decline for over a decade. Management theorists and bankers prefer companies although I am not sure why. From what I understand, the act of demutualization (converting co-ops into companies) has not significantly improved agency functions.

‘To always be considerate of the membership. Co-operatives are harder to work for. If my employer was not a co-operative, staff would have a Services Manual and have far more discretion than we do now. Staff activities have to be compliant with the Member Manual, which is approved by the membership. Also, as co-operatives are more political there is not the stability in organisational culture that a business and church group would provide.

‘SEHC has also had some excellent Independent Directors with experience in law, accounting development and finance. These skills have assisted in the transition from being a fairly introverted organisation to a successful social enterprise.

‘I suppose my disappointments centre on the lack of informed debate and how some people have self-interest but it is not “enlightened”. Part of the International Co-operative Alliance is that co-operatives are meant to co-operate with each other, something we haven’t always done well. Also, there is little information to compare how co-operative tenants really fare compared to other types of affordable housing tenure. This includes health, employment and education.

‘Finally I would like to thank the staff for their continuing efforts in trying to run the best agency they can. SEHC’s workers really do give that bit extra and while not all tenants are going to be happy all the time, we have an exceptionally low turnover meaning there is a high degree of tenant satisfaction.’

‘Co-operative strengths and weaknesses are really based around the same thing – the membership... A committed membership with clear views can elect an informed board to enact an agency vision.’

Milestones

-
- 1974** Following a visit to England, the Director of the Brotherhood of St Laurence in Victoria, David Scott, was convinced that rental housing associations could make a valuable contribution by providing a new form of housing management in Australia. He published two booklets – Housing Associations in the United Kingdom: Why they are Needed and How they could Function in Australia and Cost Rental Housing Associations: A New Initiative to meet Housing Need. The idea was taken up by SHELTER and a Rental Housing Association Subcommittee was formed.
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- 1975** David Scott convenes a Rental Housing Co-operative Committee and a proposal for cost rental housing associations is submitted in September to the Australian Housing Corporation.
-
- 1976** *November* A proposal is made to the Victorian Minister for Housing Mr. Geoff Hayes for the establishment of a Fitzroy Collingwood Rental Housing Association. Minister agrees to purchase \$1 million worth of properties and lease them to the Association for a trial three- year period.
-
- 1977** Rental Housing Co-operative Program established by Minister of Housing in Victoria to place full management control over public housing to tenant occupiers. Houses are to be leased by co-operatives.
-
- Fitzroy Collingwood Rental Housing Association is established under Companies Act with board of local government, professionals and tenants.
-
- 1979** Shelter convenes a Rental Co-operative Working Group.
-
- 1980** Shelter published the Co-operative Housing Kit.
-
- The three-year evaluation of Fitzroy Collingwood Rental Housing Association is positive.
-
- 1981** Shelter establishes Co-operative Housing Advisory Service (CHAS) and it is funded by the Ministry of Housing.
-
- Ministry of Housing calls for submissions to establish rental housing associations.
-
- 1982** Labor Government elected in Victoria.
-
- 1983** Labor Government in Victoria establishes a Rental Housing Co-operative Unit within the Ministry of Housing.
-

1984	<p><i>25 September</i> Ministry of Housing circulates draft of a common head lease and proposes incorporation of all RHCs under the Housing Act 1983. Co-ops argue for 99-year lease and Government offers three years. Ministry proposes two months for discussion, consideration and consultation until 30 November 1984.</p> <p>Victorian Government approves model rules for rental housing co-operatives.</p> <p>First meeting of the Community Housing Sector sub-committee – a sub-committee of the State Advisory Committee, which advises the Minister for Housing – to discuss common equity co-operatives, guidelines and policies, and a model for financing.</p>
1985	<p>Frankston Rental Housing Co-operative Ltd, the Moorabbin Rental Housing Co-operative Ltd and the Oakleigh Rental Housing Co-operative Ltd formed as individual co-operatives.</p> <p><i>6 June</i> Ministry of Housing circulates new head lease, advises co-operatives they are expected to sign by 1 July 1985 and warns, 'Unless the lease is signed by that date, the Ministry will have no option but to withdraw the RHC Programme funding and to transfer tenancies to the general programme.'</p> <p>Ministry of Housing advises new co-operatives no properties unless they sign the head lease.</p> <p><i>5 September</i> Ministry of Housing forwards final head lease for RHCs and requests signed agreements by 1 October 1985.</p> <p>Most co-operatives sign the head lease but retain their eligibility and rent policy determination powers.</p>
1986	<p>Common Equity Finance Ltd formed and property buying for CERCs begins.</p> <p>Approved CERCs work on developing their model rules and incorporation.</p>
1987	<p>Ringwood-Croydon Rental Housing Co-operative Ltd formed.</p>
1991	<p>Funding for CHAS – the resourcing arm for RHCs – is terminated.</p>
1992	<p>Liberal Government elected in Victoria.</p> <p>Operational responsibility for RHCs devolved from head/central office to regions.</p>
1993	<p>Frankston RHC initiates a rental housing co-operative conference to discuss the future of housing co-operatives at Raymond Island near Bairnsdale.</p> <p>Neville Barwick and Carole Hamilton form Just Like a Family – the Victorian Rental Housing Co-operative Program.</p> <p><i>1 January</i> Community Housing Program commences with Minister of Housing Rob Knowles advising RHCs 'we cannot stay the same'. Government also proposes to offer titles to the houses to the co-operatives.</p>

1994	<i>23 March</i> Joint Housing Collective established.
1996	<p><i>30 December</i> Phoenix Management Co-operative registered – formed by five rental housing co-operatives from Eastern Suburbs, Frankston, Northern Geelong, Ringwood-Croydon and South Barwon.</p> <p>Community Housing Federation of Australia established.</p> <p><i>Co-operatives Act 1996</i></p>
1997	<p><i>Residential Tenancies Act 1997</i></p> <p>Joint Housing Collective folds and is replaced by the United Housing Coalition.</p> <p>Community Housing Federation of Victoria formed as the peak member-based organisation representing the views of community housing organisations in Victoria.</p>
1998	<p>Government decides to get rid of head leases.</p> <p>Labor Government elected in Victoria.</p>
1999	<i>18 June</i> United Housing Coalition, representing a majority of rental housing co-operatives, wins in arbitration with Office of Housing with arbitrator, Mr. Maurice Phipps, QC, upholding the co-ops head lease deemed in perpetuity.
2000	<p>SouthEast Housing Co-operative Ltd formed with the merger of Frankston, Ringwood-Croydon and Oakleigh rental housing co-operatives.</p> <p>Phoenix Management Co-operative deregistered on 21 March.</p>
2003	Ombudsman Victoria initiates investigation into the Essendon Rental Housing Co-operative.
2004	<p>Moorabbin Rental Housing Co-operative Ltd merged with SouthEast Housing Co-operative Ltd.</p> <p><i>December</i> Report of the Ombudsman Victoria on the Essendon Rental Housing Co-operative.</p> <p>Housing (Housing Agencies) Act cancels the perpetual head leases of 11 rental housing co-operatives.</p> <p>Housing (Housing Agencies) Act introduces a new system of regulation for non-government rental housing agencies. The Act established the Registrar of Housing Agencies and the Registrar is given the power to override the <i>Co-operatives Act 1996</i> and co-operatives can register as providers but not associations.</p> <p>Section 144 (10) provides for the termination of a lease between housing co-operatives and the director of housing on 90 days' notice.</p>

2005	<p><i>15 March</i> SEHC's Greg Flynn commences employment.</p> <p><i>May</i> Loddon Mallee Housing Services Ltd is Victoria's first registered agency.</p>
2006	<p><i>26 July</i> Trang commences as bookkeeper and staff numbers increase from three to four.</p> <p><i>31 December</i> Head Leases cease for all rental housing co-operatives including SEHC.</p>
2007	<p>National Housing Co-operative Conference organised by CHFV.</p>
2008	<p>SouthEast Housing Co-operative Ltd registered as a housing provider.</p> <p>SouthEast Housing Co-operative Ltd first RHC allowed to grow since 1990 with purchase of 10 properties.</p> <p><i>11 February</i> James Scambary commences as Community Compliance Worker and staff numbers increase from four to five.</p> <p><i>24 July</i> Australian Government launches National Rental Affordability Scheme (NRAS) – incentives to institutional investors and housing providers to build 50,000 new rental properties to be rented out at 20% below market rate.</p> <p><i>1 December</i> Dale Carroll commences as Compliance, Capacity Building and Support Officer.</p>
2009	<p><i>6 April</i> First Chief Financial Officer commences (finishes 10 February 2010) – increasing the staff from five to six.</p> <p>SEHC commences managing properties for the Loddon Mallee Housing Service.</p>
2010	<p><i>3 May</i> General meeting of members amend the rules of the co-operative with an increased emphasis on co-operative education and active membership.</p> <p><i>5 May</i> Ian McLaren commences as new Chief Financial Officer.</p> <p><i>22 April</i> Minister for Housing Tanya Plibersek MP releases discussion paper – Regulation and Growth of the Not-For-Profit Housing Sector.</p> <p>SEHC makes submission on the discussion paper 'Regulation and Growth of the Not-For-Profit Housing Sector'.</p> <p><i>4 October</i> The 25th Anniversary Celebration.</p>

Registered Housing Co-operatives in Victoria

Name	Est.	Legal structure	Turnover	No. prop. managed	No. prop. owned	Staffing
Common Equity Housing Ltd	1985	Not-for-profit company Common Equity Housing Ltd with 100 member co-operatives.	\$10,304,660	2000	1,669	40
Eastern Suburbs Rental Housing Co-operative Ltd	1985	<i>Co-operative Act 1996</i>	\$360,299	38	None	1
United Housing (Footscray Rental Housing Co-operative Ltd)	1985	<i>Co-operative Act 1996</i>	\$790,459	85	4	3
Northern Geelong Rental Housing Co-operative Ltd	1983	<i>Co-operative Act 1996</i>	\$621,105	58	0	2 EFT 1.2
SouthEast Housing Co-operative Ltd	1985	<i>Co-operative Act 1996</i>	\$1,490,625	160	10	7 EFT 6.2
Sunshine/St Albans Rental Housing Co-operative Ltd	1985	<i>Co-operative Act 1996</i>	\$282,142	35	None	1 EFT 1.0
West Turk Housing and Elderly Services Co-operative Ltd	1986	<i>Co-operative Act 1996</i>	\$341,990	31	None	1 EFT 1.0
Williamstown Rental Housing Co-operative Ltd	1982	<i>Co-operative Act 1996</i>	\$353,828	36	None	2 EFT 1.2

Source: <http://www.housingregistrar.vic.gov.au/>

Thanks

The archives of SouthEast Housing Co-operative Ltd provided the resource material for this booklet – a wealth of documents about SEHC and the co-operatives that merged to become SEHC.

Cartoons by Col Bodie (www.cartoonsandcaricatures.com.au) used with permission of the Co-operative Federation of Victoria Ltd (Co-operatives Victoria www.victoria.coop).

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Greg Flynn, General Manager, SEHC since 2005.

Greg Maloney, Co-ordinator, Northcote Rental Housing Co-operative Ltd.

Kathleen Maxwell, member of the Moorabbin Rental Housing Co-operative Ltd 1985–2000 and SouthEast Housing Co-operative Ltd since 2000.

Peter Sibly, Manager of Frankston Rental Housing Co-operative Ltd 1995–2000 and the SouthEast Housing Co-operative Ltd 2000–05.

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Avril Lochhead, member of Oakleigh Rental Housing Co-operative Ltd 1997–2000 and SouthEast Housing Co-operative Ltd since 2000.

Gib Wettenhall, Manager, Fitzroy Collingwood Rental Housing Association 1977–80, and Manager, Rental Housing Co-operative Program, 1981–85.



‘The co-operative could not function effectively without a competent and professional staff. It is the staff who are responsible for reinforcing the co-operative values and principles to members.’

— Shirley Faram, CHAIRPERSON.

Standing from left to right: Ian McLaren, Joy Haines, Michelle D’Rozario, Trang Le, Jim Kokoras, Dale Carroll. Seated front: Greg Flynn.